

## **V. DIFFERENCES IN COMMUNITY BENEFIT REPORTING ACROSS CERTAIN DEMOGRAPHICS - COMMUNITY TYPES, REVENUE SIZE**

### **A. Introduction**

The respondent hospitals were classified into two different demographic groups – community types and revenue size. The distribution of the respondent hospitals across these two groups is as follows.

Community types:

- “High population” – 94 hospitals (19%)
- “Other urban and suburban” – 249 hospitals (51%)
- “Critical access hospitals (CAH)” – 68 hospitals (14%)
- “Rural (non-CAH)” – 78 hospitals (16%)

Revenue size:

- Under \$25 million – 85 hospitals (17%)
- \$25 million to \$100 million – 173 hospitals (36%)
- \$100 million to \$250 million – 133 hospitals (27%)
- \$250 million to \$500 million – 61 hospitals (13%)
- Over \$500 million – 36 hospitals (7%)

Section V.B provides breakdowns by community type, and Section V.C provides breakdowns by revenue size, for aggregate community benefit expenditures, uncompensated care, medical education and training, medical research, and community programs.

### **B. Comparison of Certain Information by Community Type<sup>40</sup>**

#### **1. Summary of Key Findings – Community Type**

- a. The patient mix for each community type generally followed that for the overall group – in descending order, private insurance, Medicare, Medicaid, uninsured, and other public programs. All community types reported uninsured patients as 7% to 8% of total patients. CAHs reported the highest percentage of Medicare patients (36% compared to 31% overall), and high population hospitals reported the highest percentage of Medicaid patients (19% compared to 15% overall).
- b. Between 94% and 96% of each community type reported uncompensated care expenditures. Although the percentage of hospitals reporting they provided community benefit did not vary materially across community types, there were some exceptions. Only 60% of CAHs reported providing medical education and training,

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<sup>40</sup> For a description of the community types, see Section II.C, above.

compared to 77% overall. 40% of the high population hospitals reported medical research expenditures, compared to less than 5% of rural hospitals (CAH and non-CAH).

- c. The median percentage of patients reported as receiving uncompensated care was 3% overall, ranging from 2% for rural hospitals to 6% for high population hospitals. The median percentages of patients reported as receiving uncompensated care were less than the overall percentage of patients without insurance for each community type. However, the average percentage of patients receiving uncompensated care was greater than the percentage of patients without insurance for the high population group (11% compared to 8%), the other urban and suburban group (10% compared to 8%), and the rural (non-CAH) group (8% compared to 7%).
- d. The average and median percentages of total revenues reported as spent on uncompensated care were 7% and 4%, respectively. CAHs reported the lowest average (6%) and median (2%) percentages; high population hospitals reported the highest average (8%) and median (5%) percentages. The percentage of hospitals reporting uncompensated care expenditures at 3% or less of total revenues ranged from 33% for high population hospitals to 59% for CAHs. Over half of the hospitals in each community type (58% overall) reported uncompensated care expenditures at 5% or less of total revenues.
- e. Uncompensated care represented the largest community benefit expenditure overall (56%) and for each community type. However, the percentage of overall community benefit expenditures reported as spent on uncompensated care ranged from 42% for high population hospitals to 77% for CAHs. The mix of community benefit expenditures among uncompensated care, medical research, medical education and training, and community programs varied considerably across community types.
- f. The average and median percentages of total revenue reported as spent on medical research and on medical education and training varied considerably across community types. CAHs as a group consistently reported spending lower percentages of total revenues on these expenditures than did all other community types. High population hospitals as a group consistently reported spending higher percentages of total revenues on these expenditures than did all other community types.
- g. There was considerable variation across the community types regarding community program expenditures. CAHs reported spending

19% of overall community benefit expenditures on community programs compared to a range of 5% to 7% for the other community types. Each community type reported spending most of its community program expenditures on improving access to health care and other health care promotion.

- h. The median percentages of total revenue reported as spent on aggregate community benefit expenditures were 2.8% for CAHs, 3.2% for rural (non-CAH) hospitals, 5.8% for other urban and suburban hospitals, and 9.8% for high population hospitals. The same pattern followed for average percentages of total revenue reported as spent on aggregate community benefit expenditures: 6.3% for CAHs, 8.4% for rural (non-CAH) hospitals, 8.9% for other urban and suburban hospitals, and 12.7% for high population hospitals. The overall median and average percentages were 5.5% and 9.2%, respectively.
- i. 47% of all hospitals reported spending less than 5% of total revenues on aggregate community benefit expenditures. These ranged from 32% for high population hospitals to 61% for CAHs. 46% of other urban and suburban hospitals, and 57% of rural (non-CAH) hospitals, reported spending less than 5% of total revenues on aggregate community benefit expenditures.

## **2. Patient Mix (Based on Type of Insurance Coverage) by Community Type**

The table and charts below break down insurance coverage by community type for the 480 hospitals that reported this information. Overall, the average percentages reported by the hospitals were that 43% of their patients had private insurance, 31% were covered by Medicare, 15% were covered by Medicaid, 3% were covered by other public insurance programs, and 8% were uninsured.<sup>41</sup>

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<sup>41</sup> According to the U.S. Census Bureau, the percentage of individuals without health insurance in 2005 was 15.3%. U.S. Census Bureau, Current Population Survey, 2006 Annual Social and Economic Supplement (as revised March 2007).

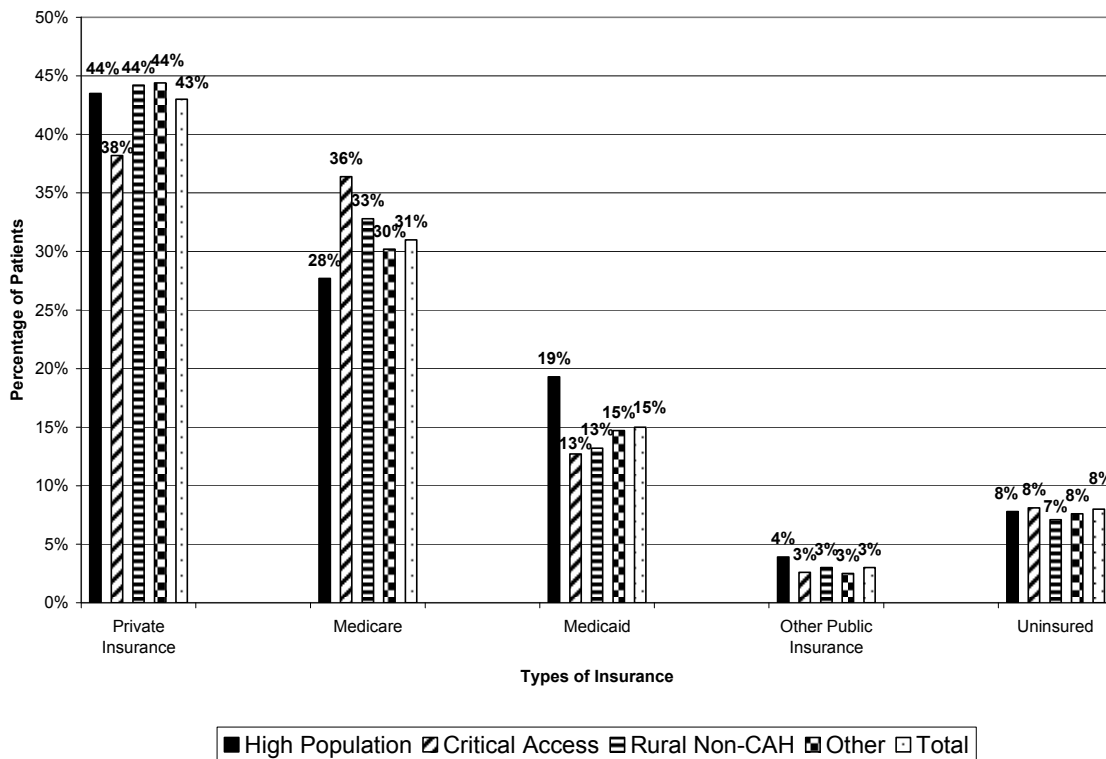
**Figure 22. Distribution of Health Insurance Coverage by Community Type\***

Community Type	Category of Health Insurance Coverage				
	Private Insurance (%)	Medicare (%)	Medicaid (%)	Other Public Insurance (%)	No Health Insurance (%)
High Population	43.5%	27.7%	19.3%	3.9%	7.8%
Critical Access	38.2%	36.4%	12.7%	2.6%	8.1%
Rural - Non Critical Access	44.2%	32.8%	13.2%	3.0%	7.1%
Other Urban & Suburban	44.4%	30.2%	14.7%	2.5%	7.6%
All patients	43.3%	31.0%	15.1%	2.9%	7.7%

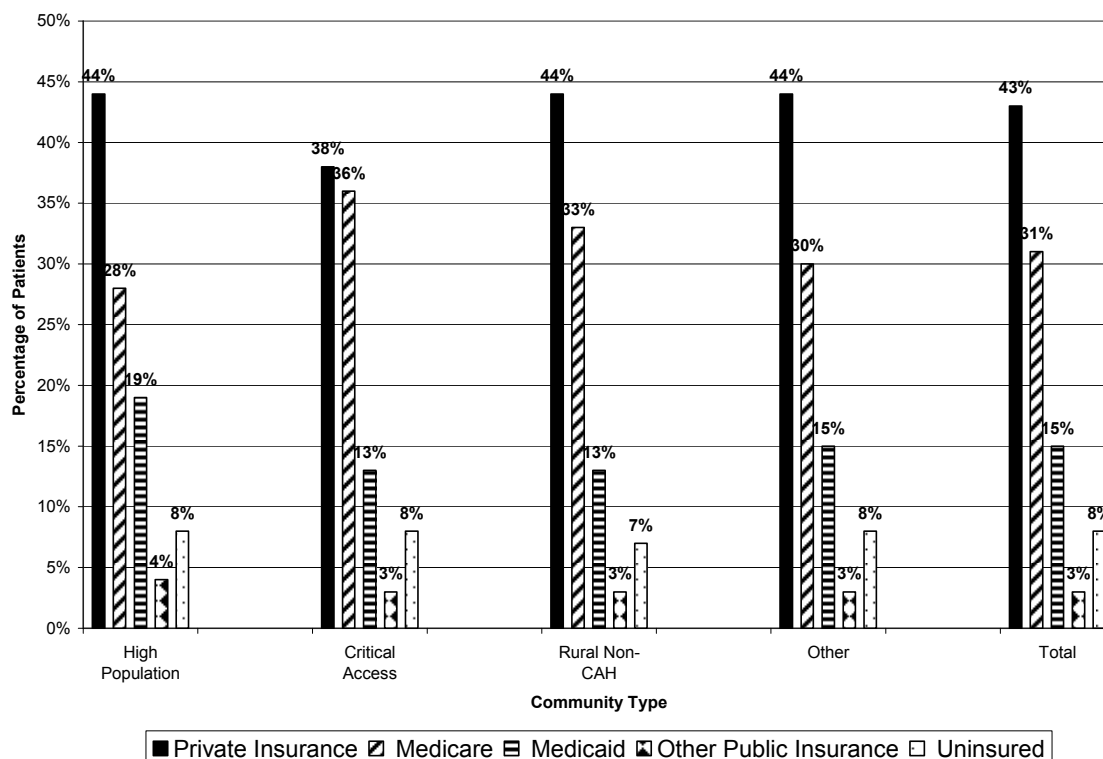
\*Some hospitals reported total patient amounts that did not equal the total number of patients reported in the various health insurance coverage categories.

Figure 23 and Figure 24, below, present the same health insurance coverage information in two different ways. Figure 23 groups the community type percentages for each type of coverage. Figure 24 shows the insurance coverage mix within each community type.

**Figure 23. Percentage of Patients with Insurance Coverage by Community Type, by Type of Coverage (n=480)**



**Figure 24. Percentage of Patients with Insurance Coverage by Type, by Community Type (n=480)**



The distribution of types of coverage across the community types is relatively similar to the distribution of the entire respondent group. However, the hospitals located in high population areas reported a smaller percentage of patients with coverage through Medicare (28% vs. 31% overall) and a larger percentage of patients with coverage through Medicaid (19% vs. 15% overall) compared with the total group and each of the other community types. CAHs reported a smaller percentage of patients with private insurance (38% vs. 43% overall) and a larger percentage of patients with coverage through Medicare (36% vs. 31% overall) compared with the overall group and each of the other community types. All community types reported 7% to 8% of patients with no insurance coverage.

### **3. Number and Percentage of Hospitals Reporting Community Benefit Expenditures, by Expenditure Type within Community Type**

485 of the 489 (99%) hospitals reported community benefit expenditures in one or more categories. Four hospitals did not report any expenditure amounts. This section reports percentages based on the 485 hospitals that reported expenditure amounts. Uncompensated care was the most commonly reported community benefit expenditure category overall and for each community type. Medical education and training was the next most common. Certain community programs were also widely provided such as lectures and community based

education, newsletters and publications, medical screening, and improving access to health care.

The table below shows the percentage of hospitals that reported the various types of community benefit expenditures.

**Figure 25. Number and Percentage of Hospitals Reporting Community Benefit Expenditures by Expenditure Category and Community Type**

Category of Community Benefit Expenditure	Community Type								Aggregate (N = 485)	
	High Population Hospitals		Critical Access Hospitals		Rural - Non Critical Access Hospitals		Other Hospitals			
	N	% of all hospitals in each category	N	% of all hospitals in each category	N	% of all hospitals in each category	N	% of all hospitals in each category	N	% of all hospitals
▪ Uncompensated Care	90	96%	64	94%	75	96%	237	95%	466	95%
▪ Medical, Education & Training	81	86%	41	60%	56	72%	200	80%	378	77%
▪ Medical Research	38	40%	**	**	**	**	60	24%	104	21%
▪ Lectures, seminars & education	67	71%	52	76%	66	85%	202	81%	387	79%
▪ Medical screening	67	71%	52	76%	63	81%	195	78%	377	77%
▪ Newsletter/ publications	71	76%	47	69%	64	82%	192	77%	374	76%
▪ Improving access to healthcare	64	68%	30	44%	43	55%	136	55%	273	56%
▪ Immunization programs	41	44%	33	49%	35	45%	93	37%	202	41%
▪ Other healthcare promotion	33	35%	21	31%	30	38%	70	28%	154	31%
▪ Studies on community's unmet health-care needs	30	32%	20	29%	14	18%	75	30%	139	28%
Total CBE		100%		100%		100%		100%		100%

\*\*To prevent potential identification of respondent hospitals, the CAH and non-CAH rural hospitals were combined in calculating the number and percentage of hospitals reporting medical research expenditures. Within the combined rural hospitals category, 6 hospitals, 4%, reported research expenditures.

The percentage of hospitals reporting they provided specific types of community benefit generally did not vary materially across the community types. There were some exceptions. While 60% of CAHs reported providing medical education and training, at least 72% of hospitals in all the other categories reported doing so. In addition, 40% of hospitals in the high population group and 24% of hospitals in

the other urban and suburban category reported medical research expenditures, while 4% of rural hospitals reported such expenditures.

#### 4. Aggregate Uncompensated Care by Community Type

The aggregate uncompensated care expenditures reported by 466 hospitals as a percentage of total revenues was 6.41%.<sup>42</sup> Uncompensated care expenditures were not evenly distributed by the hospitals in the study, but were concentrated in a relatively small number of hospitals. 14% of the hospitals reported 63% of the aggregate uncompensated care expenditures; 26% of the hospitals reported 82% of the aggregate uncompensated care expenditures.

Percentage of patients. Figure 26 shows the reported average and median percentages of patients receiving uncompensated care by the hospital's community type. The average and median percentages for the entire group were 9.8% and 3.4%, respectively.

**Figure 26. Percentage of Patients Receiving Uncompensated Care by Community Type**

Community Type	Number of hospitals	Average (%)	Median (%)
High population	86	11.2	6.0
Rural – CAH	59	6.7	1.9
Rural - Non CAH	73	8.4	1.7
Others	225	10.4	4.7
Total	443	9.8	3.4

Note: This table includes only those hospitals that reported the number of patients receiving uncompensated care.

Rural hospitals (CAH and non-CAH) reported lower average and median percentages than the other community types and the overall group. High population hospitals reported the highest average and median percentages of patients receiving uncompensated care.

Percentage of revenues. Figure 27 and Figure 28 below show the average and median percentages of total revenue reported as spent by 466 hospitals on uncompensated care for each community type.

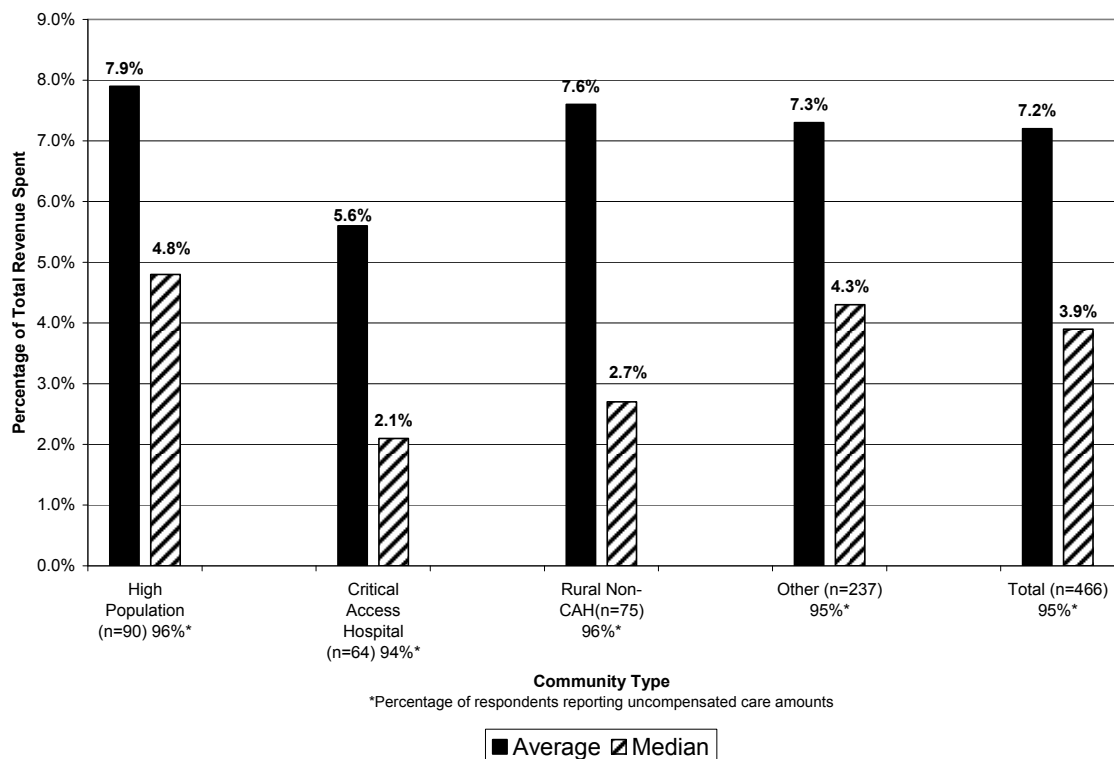
<sup>42</sup> This reflects total reported uncompensated care expenditures divided by total reported revenues for the entire group of 466 hospitals. This differs from the average and median percentages of individual hospitals' percentages reported below (e.g., Figure 27).



**Figure 27. Percentage of Total Revenue Spent on Uncompensated Care by Community Type (Average and Medians) (n=466)**

	Average	Median
High Population (n=90)	7.9%	4.8%
Critical Access (n=64)	5.6%	2.1%
Rural Non-CAH (n=75)	7.6%	2.7%
Other (n=237)	7.3%	4.3%
Total (n=466)	7.2%	3.9%

**Figure 28. Percentage of Revenue Spent on Uncompensated Care by Community Type (Averages and Medians) (n=466)**



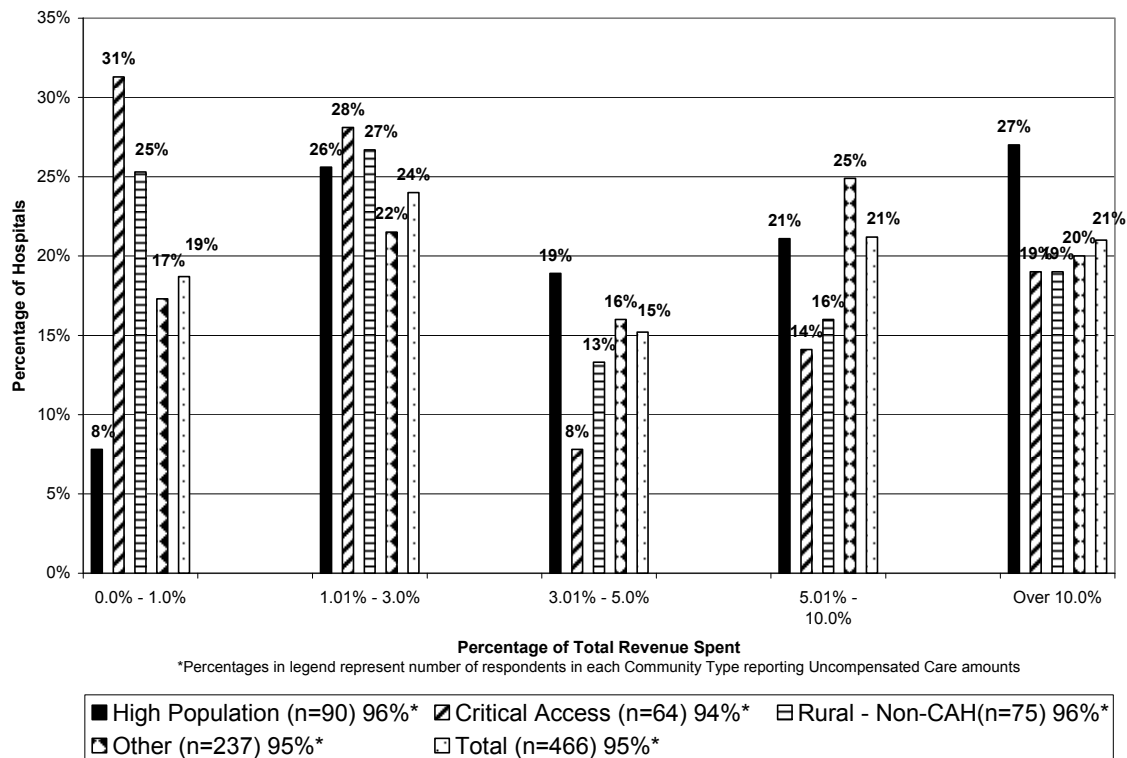
The median percentage of total revenue that was spent on uncompensated care is 3.9% and the average is 7.2%. All of the averages are between 7% and 8% with the exception of CAHs which reported an average of 5.6% of total revenue spent on uncompensated care. The medians are lower than the averages in all categories. This spread is widest in non-CAH rural hospitals where the average is 7.6% and the median is 2.7%. The medians range from 2.1% for CAHs to 4.8% for high population hospitals.

Figure 29 through Figure 32 show the percentage of hospitals within each community type that reported uncompensated care as a percentage of total revenues within certain ranges.

**Figure 29. Number and Percentage of Hospitals with Reported Uncompensated Care as a Percentage of Total Revenue, by Community Type**

Uncompensated Care Expenditure as Percentage of Total Revenues	Community Type								Overall	
	High Population		Critical Access		Rural-Non Critical Access		Other Hospitals			
	N	%	N	%	N	%	N	%	N	%
≤ 1%	7	8	20	31	19	25	41	17	87	19
Over 1% - ≤ 3%	23	26	18	28	20	27	51	22	112	24
Over 3% - ≤ 5%	17	19	5	8	10	13	39	16	71	15
Over 5% - ≤ 10%	19	21	9	14	12	16	59	25	99	21
> 10%	24	27	12	19	14	19	47	20	97	21
Total	90	100	64	100	75	100	237	100	466	100

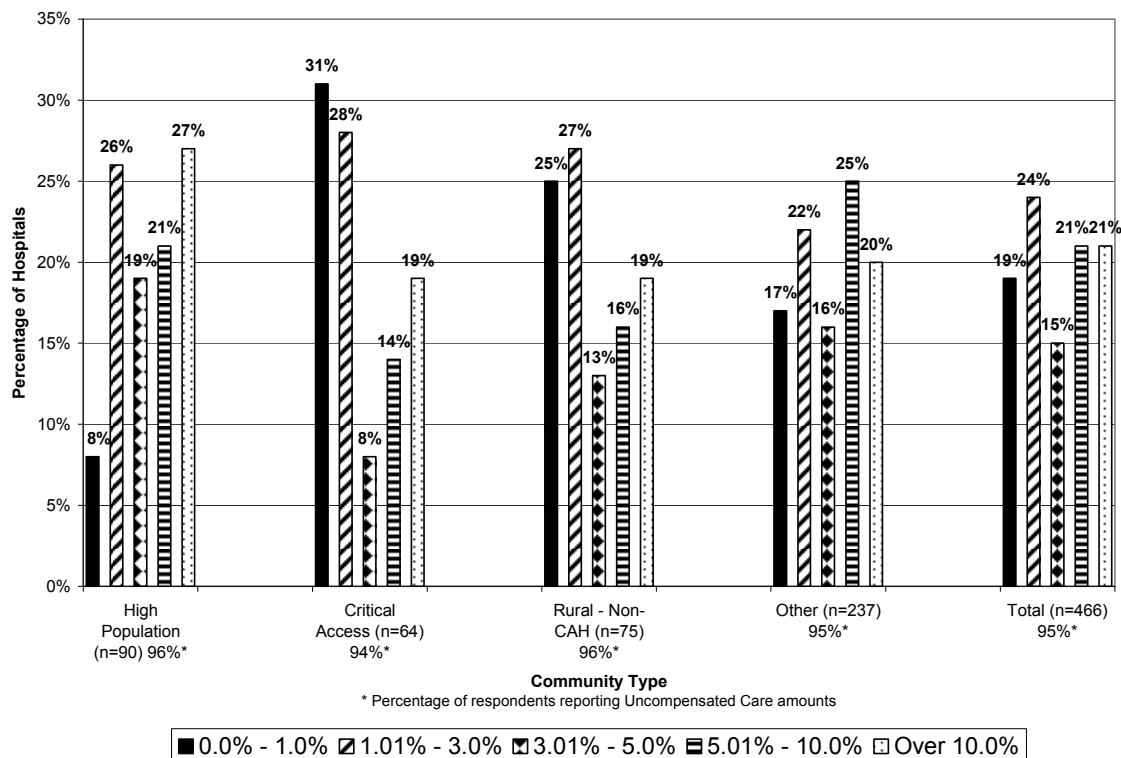
**Figure 30. Distribution of Hospitals by Community Type Based on Percentage of Total Revenue Spent on Uncompensated Care (Averages) (n=466)**



CAHs reported the highest percentage of hospitals in the low ranges (at or below 3%); high population hospitals reported the highest percentages of hospitals in the high range (over 10%).

8% of hospitals in high population areas reported spending 1% or less of their total revenue on uncompensated care while 31% of CAHs and 25% of non-CAH rural hospitals reported doing so. In the 1% to 3% of total revenue range, all categories of hospitals reported between 22% and 28%. High population and other urban and suburban hospitals reported the highest percentage of organizations in the 3% to 5% range, the 5% to 10% range, and the over 10% range.

**Figure 31. Distribution of Hospitals by Community Type Based on Percentage of Total Revenue Spent on Uncompensated Care (Averages) (n=466)**



While not shown in the chart above to prevent potential identification of respondent hospitals, a small number of hospitals in each community type reported spending over 50% of total revenues on community benefit expenditures.

Figure 32, below, shows the percentage of hospitals (on a cumulative basis) reporting uncompensated care expenditures at or less than specified percentage of revenue levels.

**Figure 32. Percentage of Hospitals Reporting Uncompensated Care Expenditures at or Less Than Specified Percentage of Revenue Levels**

Community Type	≤1%	≤3%	≤5%	≤10%
High population	8%	33%	52%	73%
CAHs	31%	59%	67%	81%
Rural (non-CAHs)	25%	52%	65%	81%
Other	17%	39%	55%	80%
Total	19%	43%	58%	79%

As Figure 32 shows, between one half and two thirds of the hospitals in each community type reported 5% or less of total revenues as spent on uncompensated care. Over one half of the rural hospitals reported uncompensated care expenditures of less than 3% of total revenues.

See Section VI.C.1, below, for an analysis of the reporting of various shortfalls and bad debt as uncompensated care by community type.

### **5. Aggregate Medical Research Expenditures by Community Type**

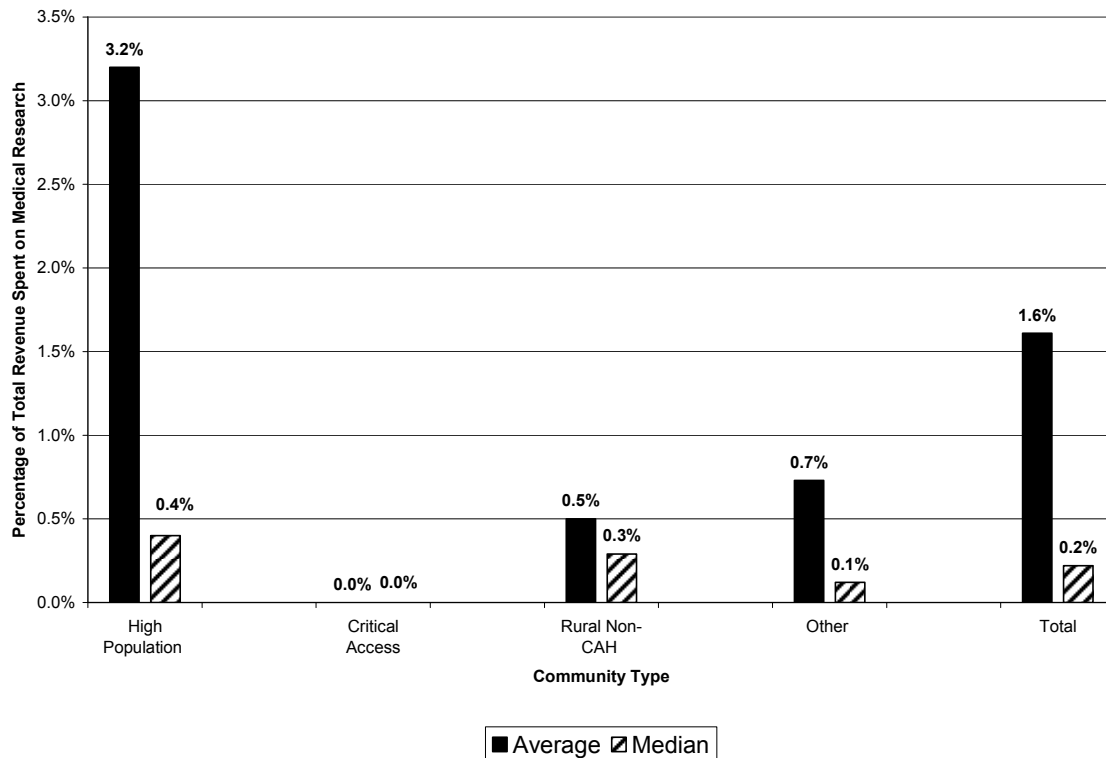
117 hospitals (24%) reported conducting medical research, but only 104 actually reported medical research expenditure amounts. The aggregate medical research expenditures reported by hospitals that reported such amounts was 3.48% of total revenues.<sup>43</sup> The average and median percentages of medical research expenditures as a percentage of total revenues were 1.6% and 0.2%, respectively.

A group of 15 hospitals reported 93% of the overall reported medical research expenditures. See Section VI.B, below, for an analysis of community benefit expenditures of this group.

Figure 33, below, shows the average and median percentages of total revenue that hospitals reported as spent on medical research across the community types. This chart includes only those 104 hospitals that reported an expenditure amount for medical research.

<sup>43</sup> This represents the total medical research expenditures divided by the total revenues for the entire group of 104 hospitals. This differs from the median and average percentages of the individual hospitals' percentages.

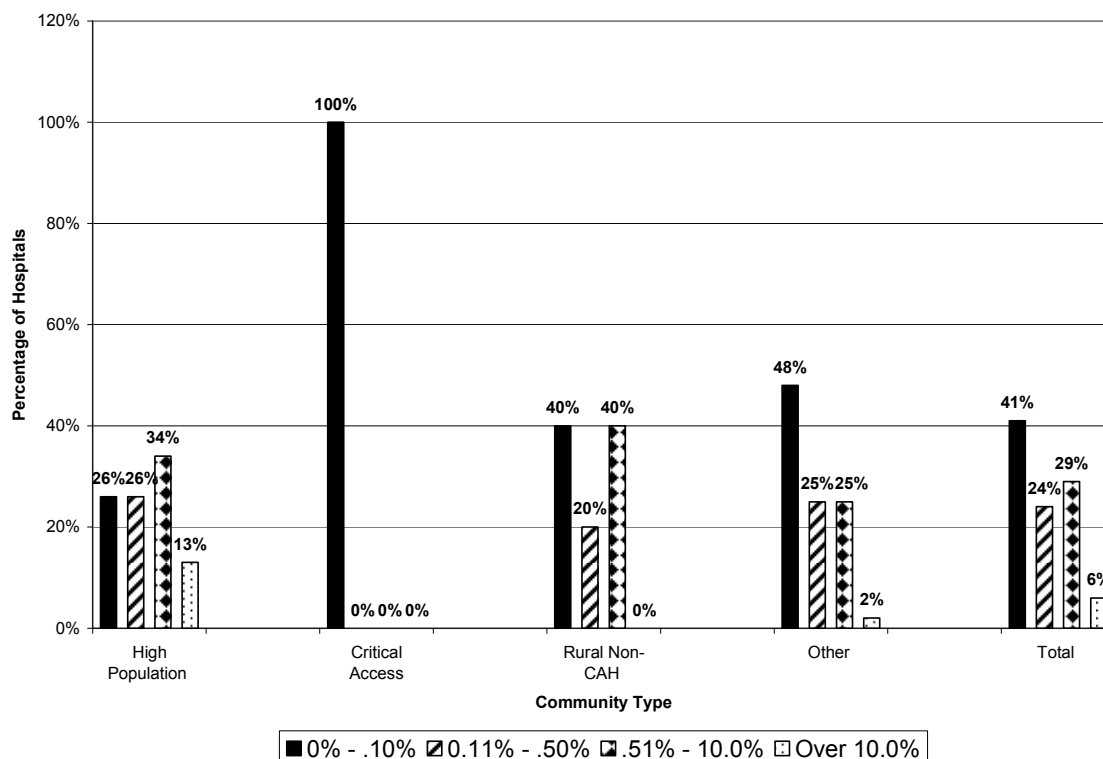
**Figure 33. Percentage of Total Revenue Spent on Medical Research by Community Type (Averages and Medians) (n=104)**



All of the medians are less than 0.5% and all the averages except for hospitals in the high population community type (and overall) are less than 1%. Hospitals in high population areas reported an average percentage of total revenue spent on medical research of 3.2%. A few hospitals in the high population category with comparatively large reported research expenditures as a percentage of their total revenues explains the significant variation between average and median amounts for this group and overall.

Figure 34 provides a breakdown of total revenue spent on medical research by the respondent group in four percentage bands by community type.

**Figure 34. Distribution of Hospitals by Community Type Based on Percentage of Total Revenues Spent on Medical Research (n=104)**



41% of the hospitals in the sample reported spending 0.1% or less of their total revenue on medical research. 24% reported spending between 0.11% and 0.5%, and 29% reported spending between 0.51% and 10%. 6% of hospitals reported spending more than 10% of their total revenue on medical research. No general pattern describes the reported data across community types.

## 6. Aggregate Medical Education and Training Expenditures by Community Type

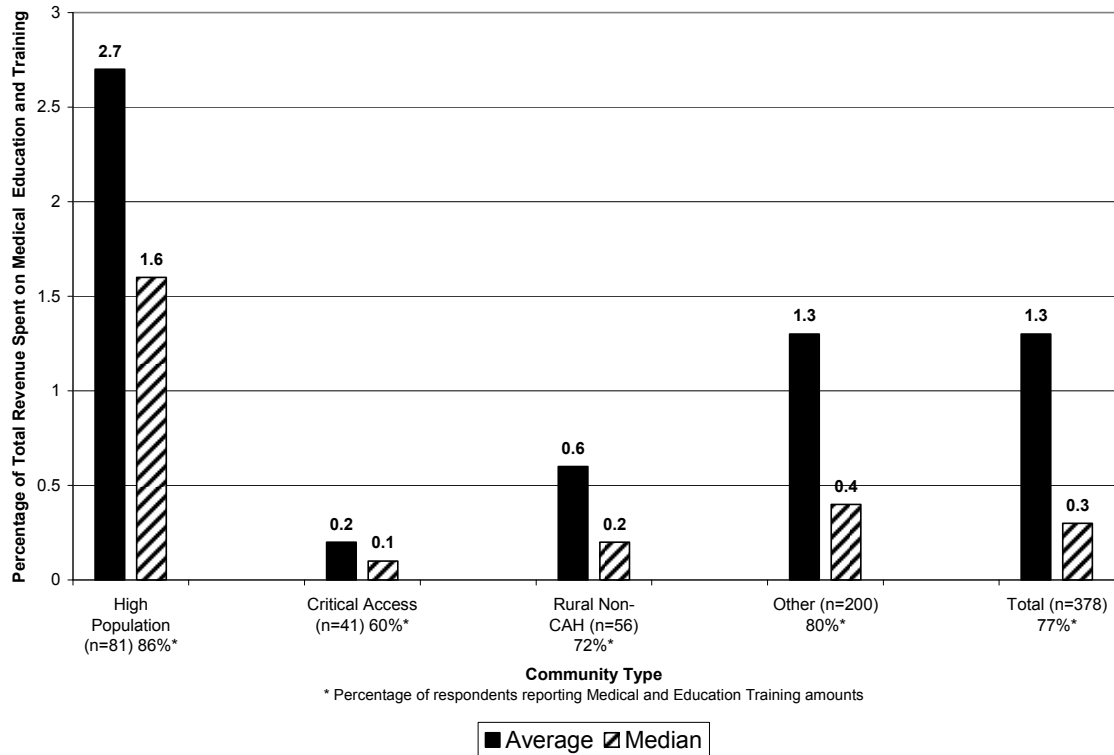
77% of the hospitals reported medical education and training expenditures. The aggregate medical education and training expenditures reported as spent by these hospitals was 3.37% of total revenues.<sup>44</sup> The average and median percentages of medical education and training expenditures reported by 378 hospitals as a percentage of revenues were 1.3% and 0.3%, respectively.<sup>45</sup>

Figure 35 shows the average and median percentages of total revenue spent on medical education and training across community types.

<sup>44</sup> This represents the total medical education and training expenditures divided by total revenues for the entire group of 378 hospitals.

<sup>45</sup> The group of 15 hospitals that reported 93% of the aggregate reported medical research expenditures also reported 58% of the aggregate reported medical education and training expenditures (see Section VI.B, below).

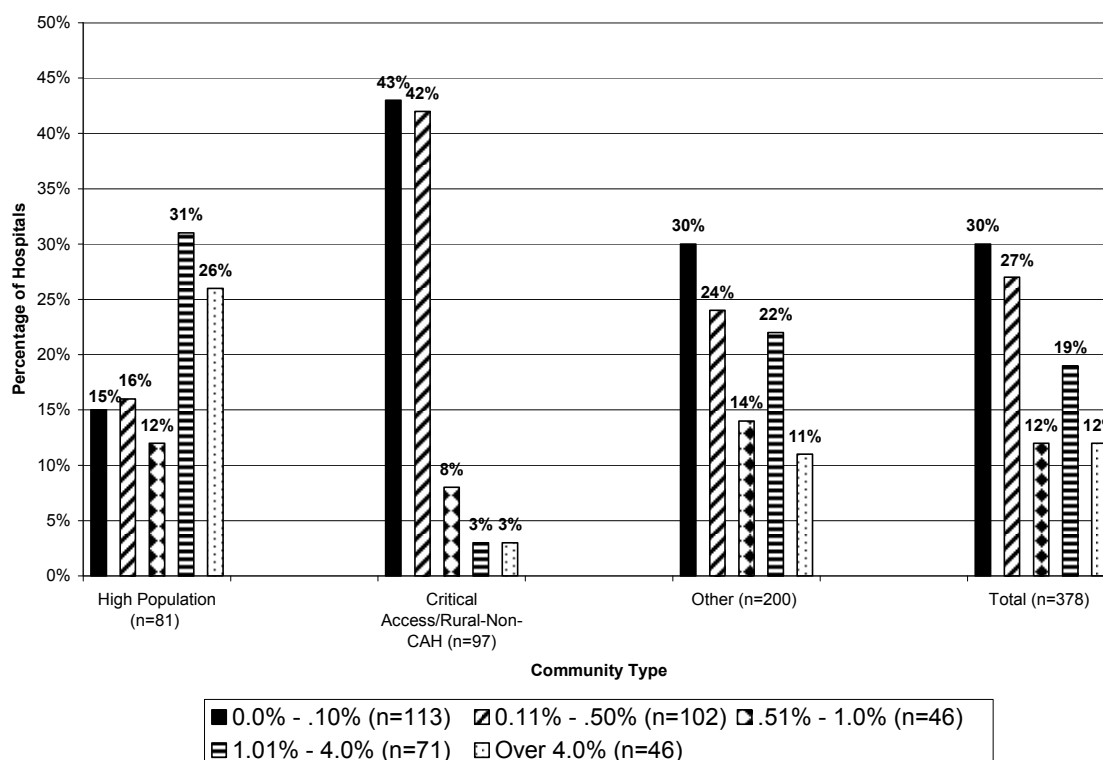
**Figure 35. Percentage of Total Revenue Spent on Medical Education and Training  
by Community Type  
(Averages and Medians)  
(n=378)**



Hospitals in high population areas and hospitals in other urban and suburban areas reported higher average and median percentages of total revenue spent on medical education and training than the rural hospitals in the study.

As Figure 36, below, shows, most hospitals (57%) reporting revenue spent on medical education and training reported spending no more than 0.5% of their total revenue on such activities. 12% reported spending over 4% on medical education and training.

**Figure 36. Distribution of Hospitals by Community Type Based on Percentage of Revenues Spent on Medical Education and Training (Averages) (n=378)**



In the figure above, the two categories of rural hospitals were combined to prevent potential identification of respondent hospitals. 93% of CAHs and 81% of non-CAH rural hospitals reported spending in the two lowest categories (i.e., 0.5% or less spent on medical education and training). 57% of hospitals in high population areas reported spending in the two highest ranges (i.e., over 1% spent on medical education and training).

## 7. Aggregate Community Program Expenditures by Community Type

The category of community program expenditures consists of seven separate sub-types: lectures, seminars and education; medical screening; newsletters and publications; improving access to health care; immunization programs; studies on community's unmet health care needs; and other health care promotion.

The following table summarizes community program expenditures by individual community type.

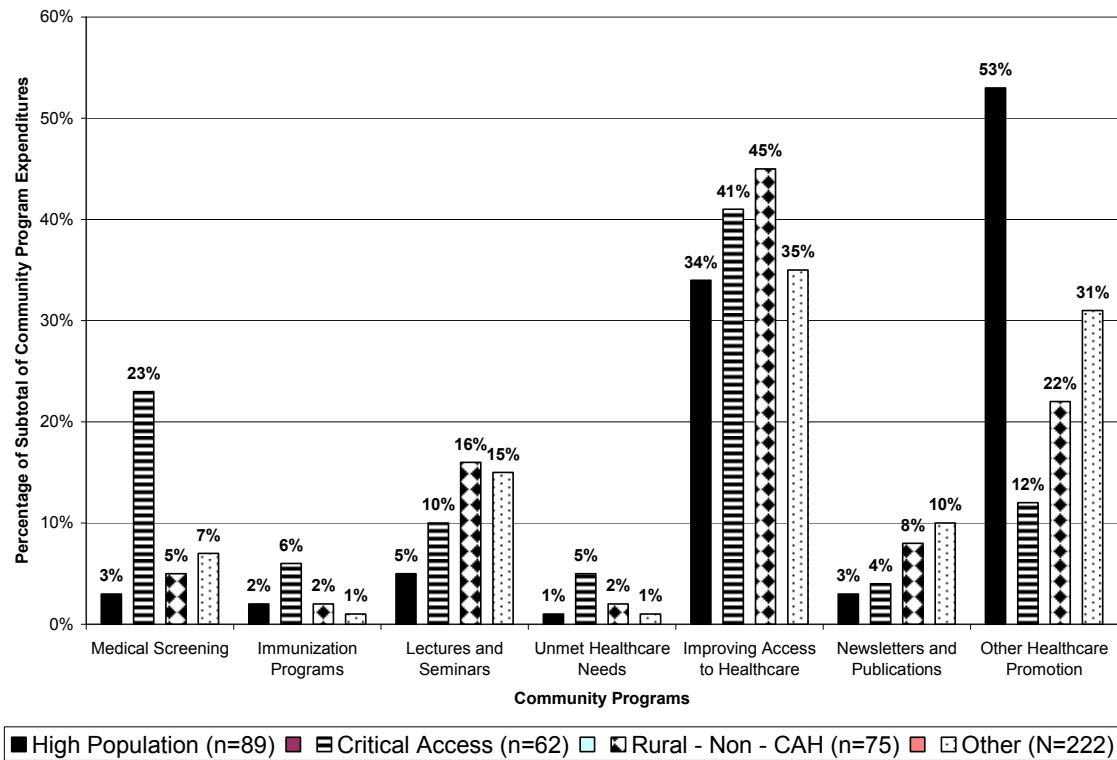


**Figure 37. Amounts and Percentages of Community Program Expenditures, by Expenditure Category and Community Type**

Community Program Expenditure	Community Type								Aggregate	
	High Population		Critical Access		Rural - Non Critical Access		Other Urban & Suburban			
	(N = 89)		(N = 62)		(N = 75)		(N = 222)		(N = 448)	
	Amount (in \$ million)	% of total CPE	Amount (in \$ million)	% of total CPE	Amount (in \$ million)	% of total CPE	Amount (in \$ million)	% of total CPE	Amount (in \$ million)	% of total CPE
• Other healthcare promotion	174.0	53%	3.3	12%	6.9	22%	61.3	31%	245.5	42%
• Improving access to healthcare	111.4	34%	11.6	41%	14.3	45%	70.3	35%	207.6	35%
• Lectures, seminars, and education	15.5	5%	2.7	10%	5.1	16%	30.9	15%	54.2	9%
• Medical screening	11.1	3%	6.4	23%	1.7	5%	13.2	7%	32.4	6%
• Newsletter/ publications	8.5	3%	1.1	4%	2.7	8%	19.6	10%	31.9	5%
• Immunization programs	7.6	2%	1.8	6%	0.6	2%	2.0	1%	12.0	2%
• Studies on community's unmet healthcare needs	1.8	1%	1.4	5%	0.5	2%	2.7	1%	6.4	1%
Total Community Program Expenditures	329.9	100%	28.3	100%	31.8	100%	200.0	100%	590.0	100%

Figure 38, below, shows the distribution of community program expenditures broken out by expenditure category and community type.

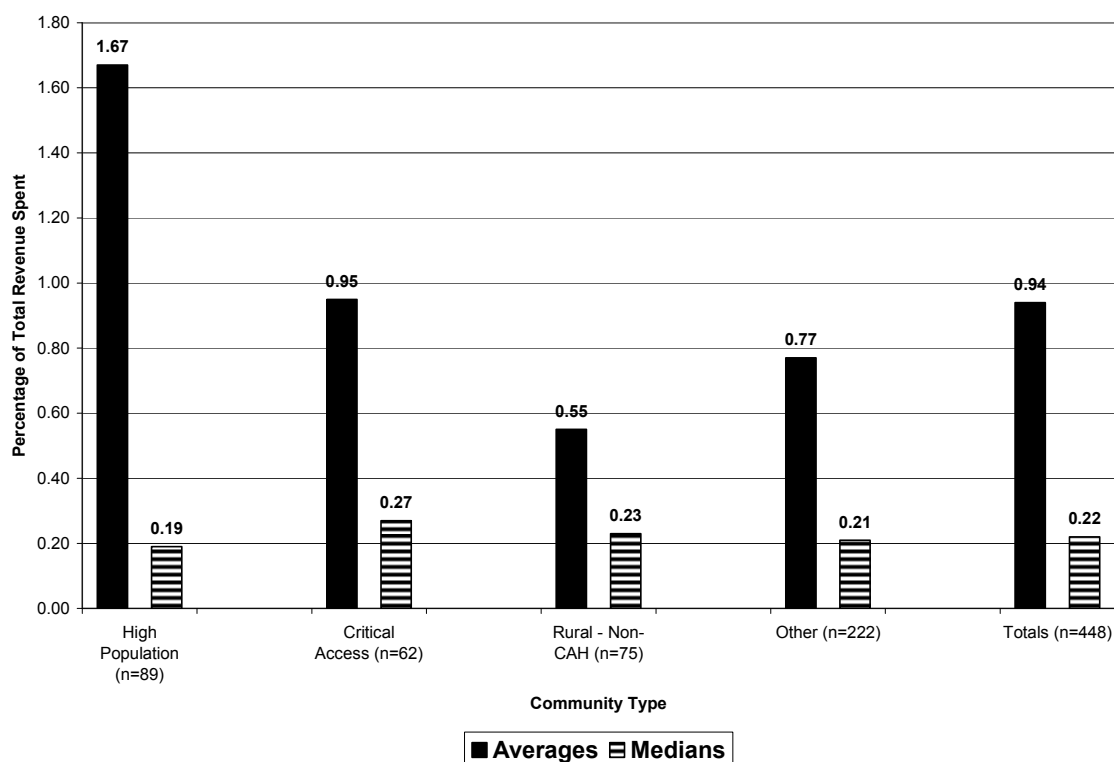
**Figure 38. Percentages of Community Program Expenditures by Expenditure Category and Community Type (n=448)**



The table and chart illustrate there is considerable variation across the community types regarding expenditures for the various components of community programs. For example, high population area hospitals reported 53% of their community program expenditures on other health care promotion and 3% on medical screening, whereas CAHs reported spending 12% and 23% respectively, of community program expenditures on those items.

Figure 39, below, shows the average and median percentages of total revenues spent on community programs by community type.

**Figure 39. Percentage of Total Revenues Spent on Community Programs  
by Community Type  
(Averages and Medians)  
(n=448)**



## 8. Aggregate Community Benefit Expenditures by Community Type

The entire respondent group of 485 hospitals reported aggregate community benefit expenditures of \$9.4 billion. Uncompensated care was reported at \$5.2 billion, medical education and training at \$2.2 billion, medical research at \$1.4 billion, and community programs at \$0.6 billion. Aggregate community benefit expenditures were not evenly distributed by the hospitals in the study, but were concentrated in a relatively small number of hospitals. 9% of the hospitals reported 60% of the aggregate community benefit expenditures; 19% of the hospitals reported 78% of the aggregate community benefit expenditures.

Figure 40 and Figure 41, below, break down aggregate community benefit expenditure by community type, and provide a community benefit expenditure profile or mix showing the percentage of community benefit expenditures for each community type that is comprised of reported uncompensated care, medical education and training, medical research, and community programs.<sup>46</sup>

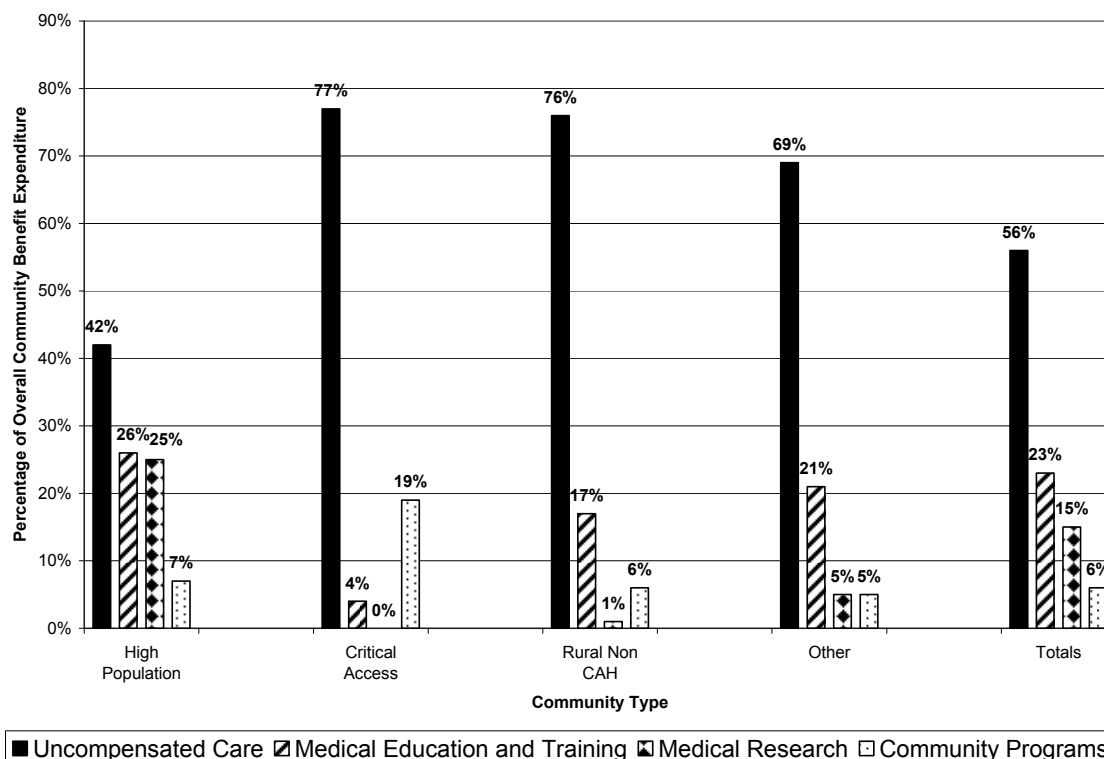
<sup>46</sup> The mix of community benefit expenditures changes when the group of 15 hospitals reporting 93% of aggregate reported medical research expenditures is isolated. See Section VI.B, below.

**Figure 40. Amounts and Percentages of Total Community Benefit Expenditures by Expenditure Category and Community Type**

Community Benefit Expenditure	Community Type								Aggregate  (N = 485)	
	High Population		Critical Access		Rural - Non Critical Access		Other Urban & Suburban			
	Amount (in \$ million)	% of total CBE	Amount (in \$ million)	% of total CBE	Amount (in \$ million)	% of total CBE	Amount (in \$ million)	% of total CBE	Amount (in \$ million)	% of total CBE
▪ Uncompensated Care	2,043.0	42%	115.9	77%	415.2	76%	2,653.3	69%	5,227.5	56%
▪ Medical, Education & Training	1,248.4	26%	5.7	4%	92.5	17%	817.9	21%	2,164.5	23%
▪ Medical Research	1,232.6	25%	0.0	0%	6.2	1%	173.3	5%	1,412.1	15%
▪ Community Programs	329.9	7%	28.3	19%	31.8	6%	200.0	5%	590.0	6%
Total Community Benefit Expenditures	4,853.9	100%	149.9	100%	545.7	100%	3,844.5	100%	9,394.1	100%

Figure 40 shows the distribution of aggregate reported community benefit expenditures across the community types in absolute dollars. Rural hospitals (CAH and other) comprised 30% of the hospitals, but reported 7% of aggregate community benefit expenditures. The amounts reported as spent on medical education and training, and on medical research, by rural hospitals were low compared to the other community types. High population hospitals comprised 19% of the hospitals, but reported 52% of aggregate community benefit expenditures, 87% of all amounts reported as spent on medical research, and 58% of amounts reported as spent on medical education and training.

**Figure 41. Percentage of Community Benefit Expenditures by Expenditure Category and Community Type (n=485)**



There are material differences in community benefit expenditure profiles across the community types. One contrast among the different types is that hospitals in the high population areas reported spending more than half (51%) of their community benefit expenditures on medical education and training and medical research. The hospitals in the other categories spent considerably less in these areas. 42% of the reported spending on community benefit expenditures for hospitals in the high population areas was spent on uncompensated care, compared to 69% to 77% for uncompensated care by the other community types. CAHs reported spending 19% of their community benefit expenditures on community programs compared to 5% to 7% for the other community types.

Figure 42, below, reports the average and median percentage of total revenue reported as spent on community benefit expenditures, by category and community type.<sup>47</sup>

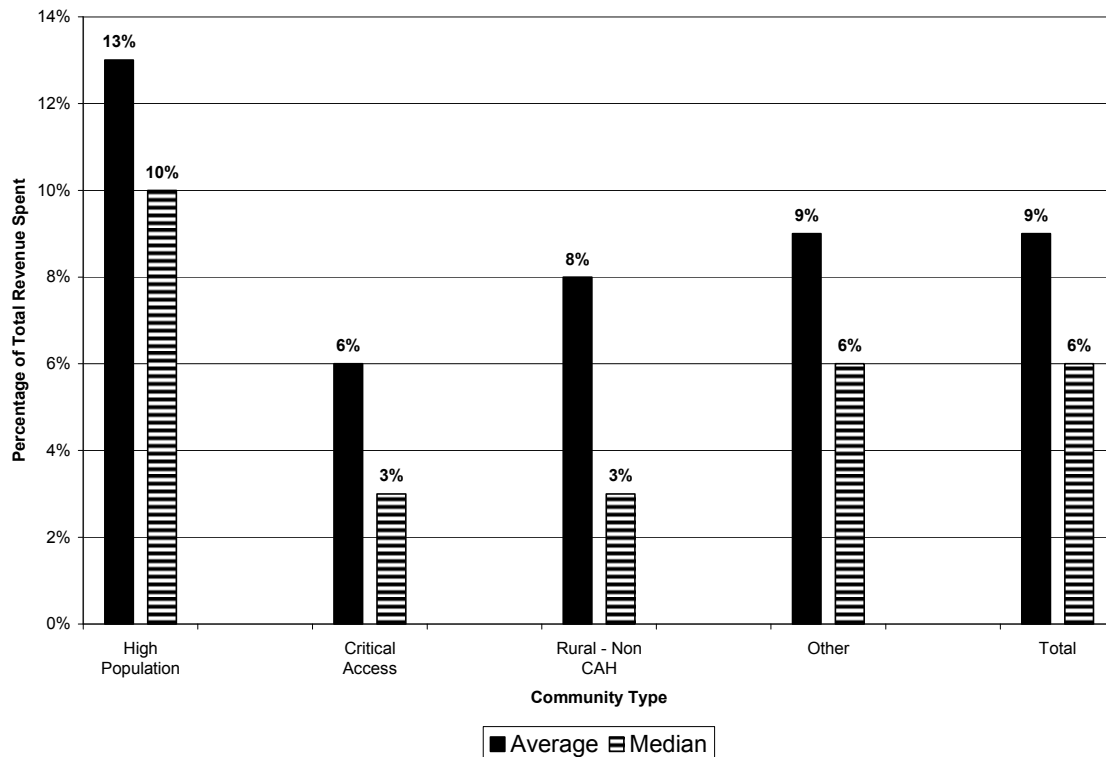
<sup>47</sup> The results change when the group of 15 hospitals that reported 93% of aggregate reported medical research expenditures is isolated. See Section VI.B, below.

**Figure 42. Average and Median Percentage of Total Revenue Spent on Community Benefit Expenditures by Expenditure Category and Community Type**

Category of Community Benefit Expenditure	Community Type								Aggregate  (N = 485)	
	High Population Hospitals		Rural - Critical Access Hospitals		Rural - Non Critical Access Hospitals		Other Hospitals			
	Average (%)	Median (%)	Average (%)	Median (%)	Average (%)	Median (%)	Average (%)	Median (%)	Average (%)	Median (%)
▪ Uncompensated Care (N= 466)	7.88	4.82	5.59	2.14	7.57	2.74	7.28	4.33	7.21	3.88
▪ Medical, Education & Training (N = 378)	2.66	1.63	0.19	0.09	0.59	0.19	1.25	0.39	1.34	0.34
▪ Medical Research (N=104)	3.18	0.39	0.00	0.00	0.45	0.29	0.73	0.12	1.61	0.22
▪ Total Community Program Expenditures (N = 448)	1.67	0.19	0.95	0.27	0.55	0.23	0.77	0.21	0.94	0.22
Total Community Benefit Expenditures	12.70	9.84	6.33	2.84	8.36	3.17	8.87	5.75	9.18	5.50

Figure 43 below shows the (rounded) average and median total revenues spent on community benefit expenditures by community type.

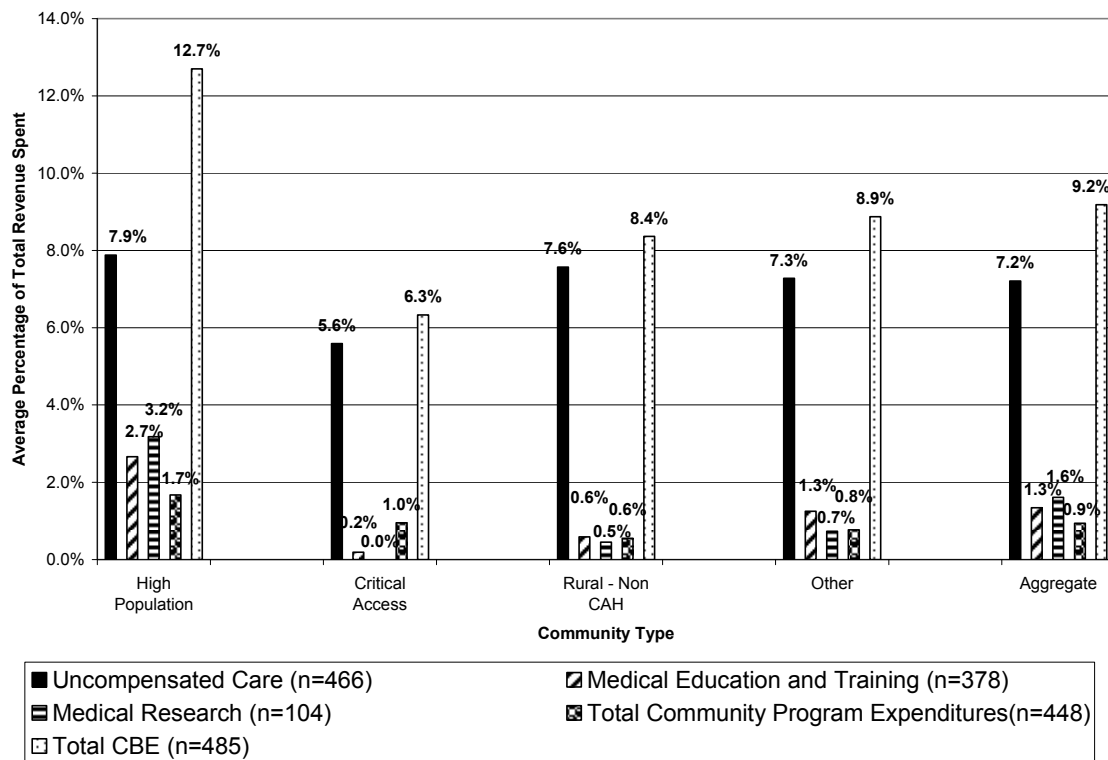
**Figure 43. Average and Median of Total Revenue Spent on Community Benefit Expenditures by Community Type (Averages and Medians) (n=485)**



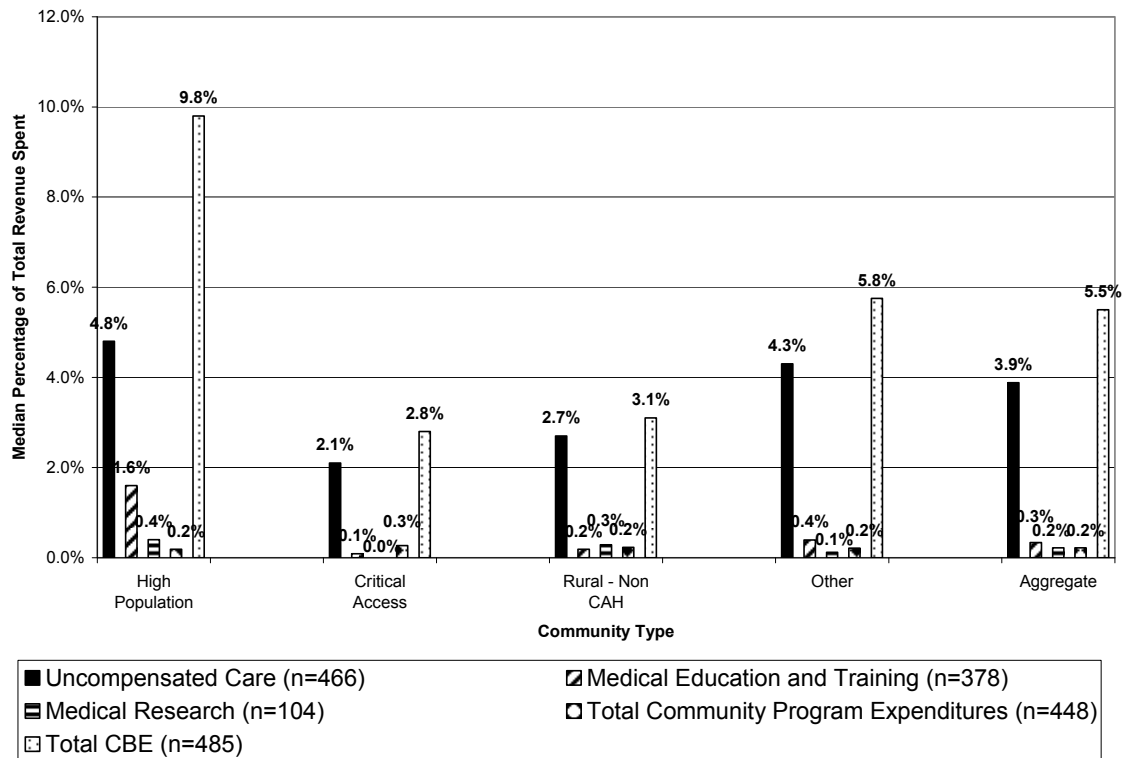
The average and median reported aggregate community benefit expenditures as a percentage of total revenues were 9% and 6%, respectively, for the entire group. The highest reported average and median amounts were for the high population group (13% and 10%, respectively), and the lowest were for the CAH group (6% and 3%, respectively).

Figure 44 and Figure 45, below, show the percentages of revenue (average and median) spent on various community benefit expenditures by expenditure and community type.

**Figure 44. Percentage of Total Revenue Spent on Various Community Benefit Expenditures by Expenditure and Community Type (Averages) (n=485)**



**Figure 45. Percentage of Total Revenues Spent on Various Community Benefit Expenditures by Expenditure and Community Type (Medians) (n=485)**



## 9. Aggregate Community Benefit Expenditures as a Percentage of Revenues

This section summarizes the distribution of aggregate community benefit reporting across the community types. Figure 46, Figure 47, and Figure 48 show the distribution of hospitals, by community type, with reported community benefit expenditures within specified percentages of total revenue ranges. Figure 49 displays the cumulative percentage of hospitals within each community type that reported aggregate community benefit expenditures as a percentage of total revenues at or less than specified levels (e.g., less than 5% of total revenues).



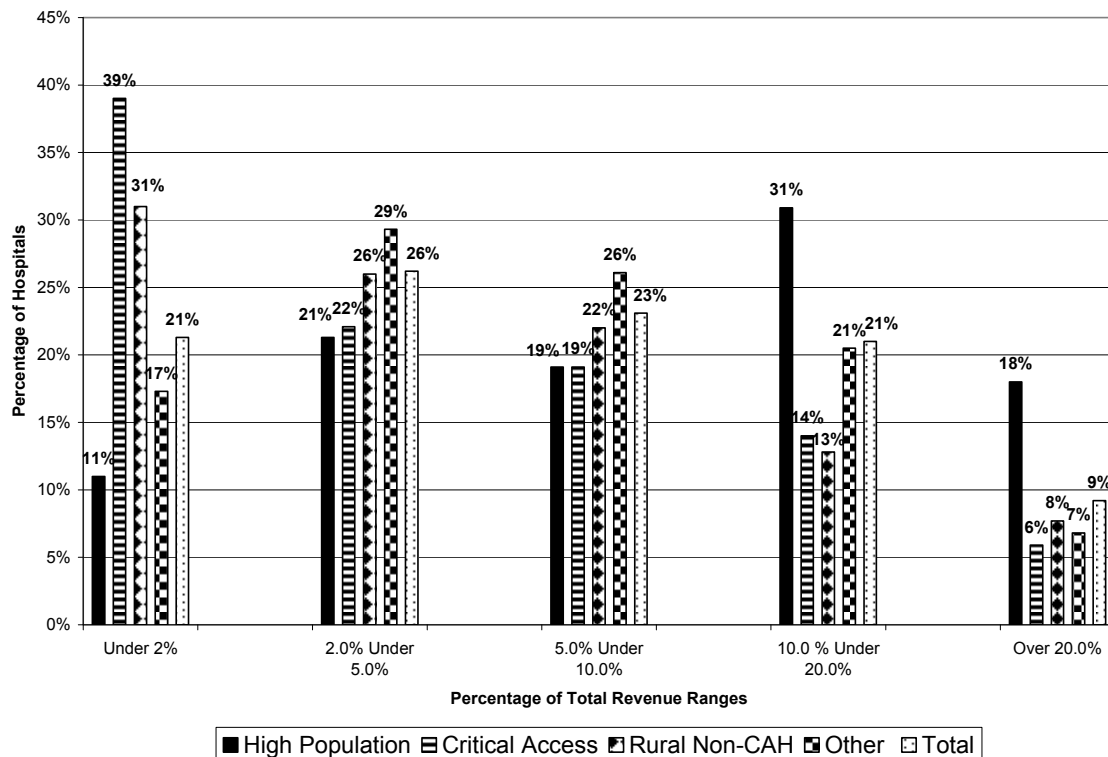
**Figure 46. Number and Percentage of Hospitals with Reported Community Benefit Expenditures as Percentage of Total Revenue, by Community Type**

Total Community Benefit Expenditure as Percentage of Total Revenues	Community Type									
	High Population Hospitals		Rural - Critical Access Hospitals		Rural-Non Critical Access Hospitals		Other Hospitals		All Hospitals	
	N	%	N	%	N	%	N	%	N	%
< 2%	10	11	*	39	*	31	41	17	101	21
2% - < 5%	20	21	*	22	*	26	73	29	128	26
5% - < 10%	18	19	*	19	*	22	65	26	113	23
10% - < 20%	29	31	*	14	*	13	51	21	99	21
≥ 20%	17	18	*	6	*	8	17	7	44	9
Total	94	100	*	100	*	100	247	100	485	100

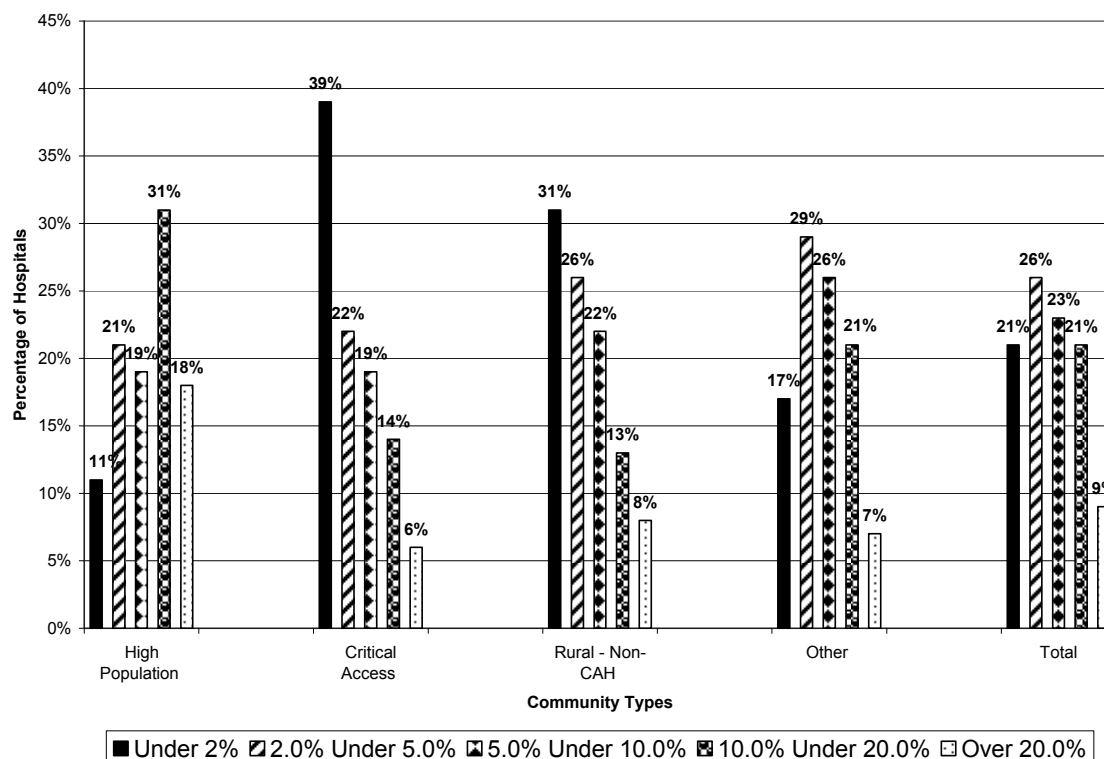
\* Not shown to prevent potential identification of respondent hospitals.

21% of all hospitals reported aggregate community benefit expenditures of less than 2% of total revenues; 47% reported aggregate community benefit expenditures of less than 5% of total revenues. Figure 47 and Figure 48, below, illustrate the variations across community types reported in the above table.

**Figure 47. Percentage of Hospitals with Reported Community Benefit Expenditures as Percentage of Total Revenue by Community Type (n=485)**



**Figure 48. Percentage of Hospitals with Reported Community Benefit Expenditures as Percentage of Total Revenue by Community Type (n=485)**



The figures above show the distribution of hospitals that reported spending a certain percentage of their total revenue on community benefit expenditures within specified ranges by community types. The percentage of hospitals in the high population areas that reported spending at least 10% of revenues was 49%, compared to 21% or less for rural hospitals. The percentages of CAHs and rural (non-CAH) hospitals that reported spending less than 5% of total revenues on community benefit expenditures were 61% and 57%, respectively, compared to 32% for high population hospitals.

Figure 49, below, shows, on a cumulative basis, the percentage of hospitals reporting community benefit expenditures at or less than specified percentages of revenue levels.

**Figure 49. Percentage of Hospitals Reporting Community Benefit Expenditures Less Than Specified Percentage of Revenue Levels**

Community Type	<2%	<5%	<10%
High population	11%	32%	51%
CAHs	39%	61%	81%
Rural (non-CAHs)	31%	57%	79%
Other	17%	46%	72%
Total	21%	47%	71%

Figure 49 shows that 21% of all hospitals reported spending less than 2% of total revenues on aggregate community benefit expenditures. 47% reported spending less than 5% of total revenues on community benefit expenditures. CAHs and rural (non-CAH) hospitals included the highest percentage of hospitals that reported community benefit expenditures below the 2% and 5% of total revenue levels. 49% of high population hospitals reported spending at least 10% of total revenues on community benefit expenditures, compared to 30% of hospitals overall.

## **C. Comparisons of Certain Information By Annual Revenue Size<sup>48</sup>**

### **1. Summary of Key Findings – Revenue Size**

- a. The patient mix for each revenue size category generally followed that for the overall group – in descending order, private insurance, Medicare, Medicaid, uninsured, and other public programs. Each revenue size reported 7% to 9% of patients with no health insurance coverage. Hospitals with revenues under \$25 million reported the highest percentage of Medicare patients (37% compared to 31% overall), and hospitals with revenues over \$500 million reported the highest percentage of Medicaid patients (21% compared to 15% overall).
- b. Between 92% and 98% of each revenue size category reported uncompensated care expenditures. Participation in most expenditure types was lowest for hospitals with under \$25 million in revenues, and in many instances (medical education and training, medical research, and certain community programs) generally increased with revenue size. Participation in medical research ranged from under 10% of hospitals (those under \$100 million in revenues) to 67% of hospitals (those over \$500 million in revenues).
- c. The median percentage of patients reported as receiving uncompensated care was 3% overall, but was highest for the larger revenue size categories (10% for revenues between \$250 million and \$500 million and 5% for revenues over \$500 million). Four of the revenue size groups (hospitals with revenues between \$250 million and \$500 million were the exception) reported higher percentages of patients without insurance than their median percentages of patients receiving uncompensated care. Each revenue size reported higher average percentages of patients receiving uncompensated care than percentages of patients without insurance.
- d. The average and median percentages of total revenues reported as spent on uncompensated care were 7% and 4%, respectively. The averages ranged from 6% to 9%; the medians ranged from 3% to 6%. Although the median percentages generally increased with revenue size, there was no correlation between size and the average percentage of total revenue spent on uncompensated care. The percentage of hospitals reporting uncompensated care expenditures at 3% or less of total revenues was 43% overall, and ranged from 33% to 49%, decreasing as hospital size increased. The percentage of hospitals reporting uncompensated care expenditures at 5% or less of

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<sup>48</sup> For a description of the revenue size categories, see Section II.D, above.

total revenues was 58% overall, ranging from 49% to 61%, with no correlation to revenue size.

- e. Uncompensated care represented the largest community benefit expenditure for the overall group (56%) and for each revenue size. However, the percentage of overall community benefit expenditures reported as spent on uncompensated care decreased with revenue size, ranging from 35% for hospitals with revenues over \$500 million to 93% for hospitals with revenues under \$25 million. The mix of community benefit expenditures among uncompensated care, medical research, medical education and training, and community programs varied considerably across revenue size categories.
- f. The average and median percentages of total revenues reported as spent on medical research, and on medical education and training, varied considerably across revenue sizes. Average and median percentages of total revenues spent on medical education and training and on medical research were largest for hospitals with over \$500 million in revenues. 15 hospitals reported 93% of the aggregate reported medical research expenditures. This group reported 58% of the aggregate reported medical education and training expenditures.
- g. There was considerable variation across revenue sizes regarding community program expenditures. However, each revenue size category reported spending most of its community program expenditures on improving access to health care and other health care promotion.
- h. The median percentage of total revenue reported as spent on aggregate community benefit expenditures increased with revenue size, ranging from 3% for hospitals with revenues under \$25 million to 11% for hospitals with revenues over \$500 million. The average percentage generally increased with revenue size. The overall median and average percentages were 5.5% and 9.2%, respectively.
- i. The percentage of hospitals reporting spending less than 2%, and less than 5%, of total revenues on community benefit expenditures decreased with revenue size. 34% of hospitals with revenues under \$25 million reported spending less than 2% of revenues on community benefit expenditures, compared to 5% of hospitals with revenues over \$250 million. 60% of hospitals with revenues under \$25 million reported spending less than 5% of total revenues on community benefit expenditures, compared to 47% overall.

## **2. Patient Mix (Based on Type of Insurance Coverage) by Revenue Size**

Overall, hospitals reported that 43% of their patients had private insurance, 31% were covered by Medicare, 15% were covered by Medicaid, 3% were covered by other public insurance programs, and 8% were uninsured.<sup>49</sup> The following figures show breakouts of this distribution of types of patient insurance coverage across the five revenue categories.

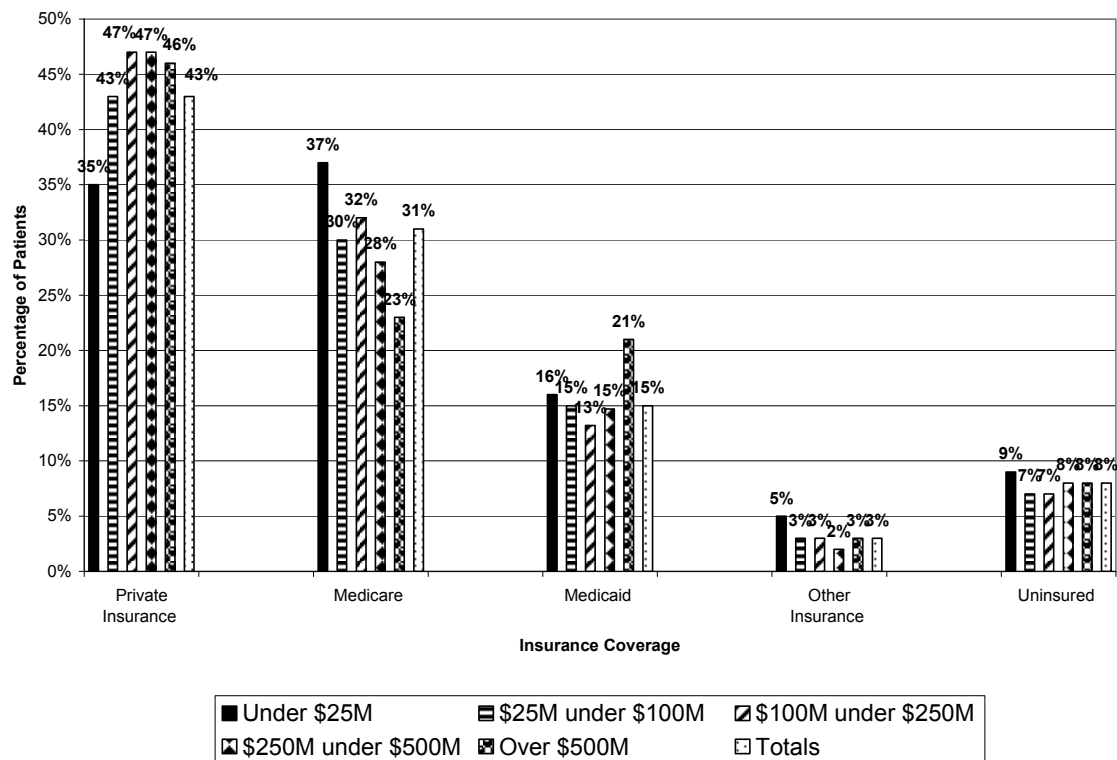
**Figure 50. Distribution of Health Insurance Coverage by Revenue Size Categories\***

Revenue Size Category	Category of Health Insurance Coverage				
	Private Insurance (%)	Medicare (%)	Medicaid (%)	Other Public Insurance (%)	No Health Insurance (%)
Under \$25M	35.1%	37.2%	15.6%	4.6%	9.2%
\$25M under \$100M	43.2%	30.1%	15.4%	2.5%	7.4%
\$100M under \$250M	46.5%	31.7%	13.1%	2.9%	6.8%
\$250M under \$500M	47.1%	27.5%	14.7%	2.1%	7.8%
Over \$500M	45.5%	23.4%	20.6%	2.8%	8.3%
All patients	43.3%	31.0%	15.1%	2.9%	7.7%

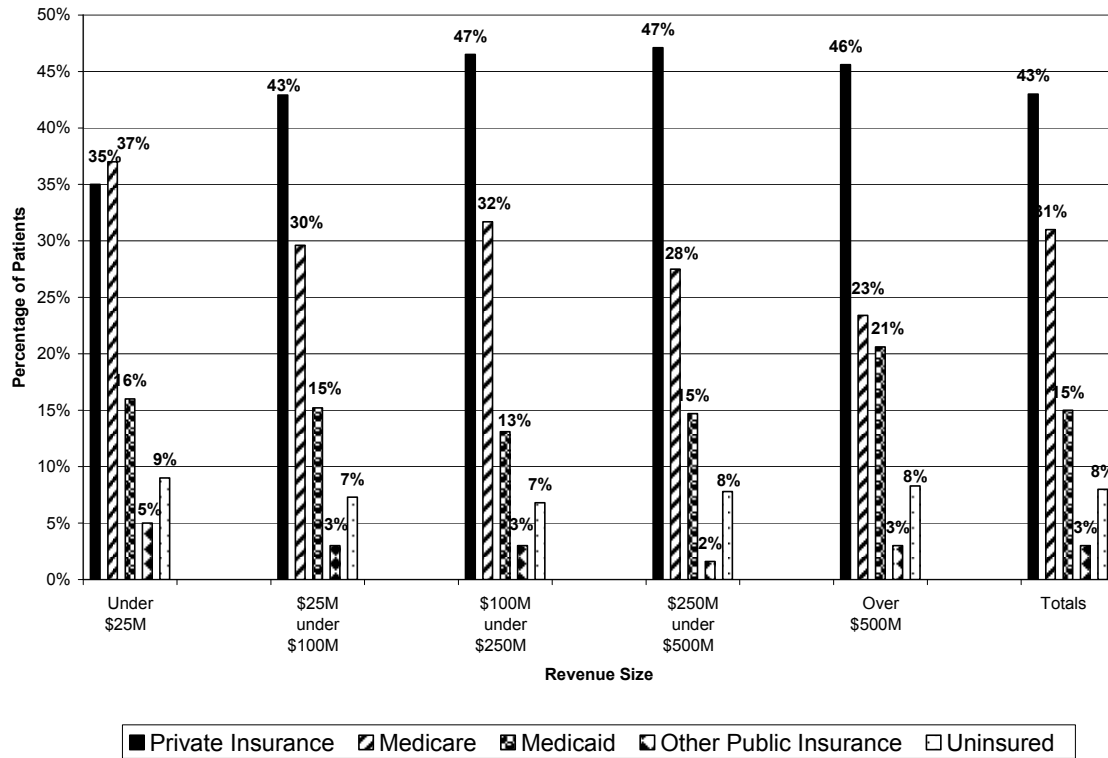
\* Some hospitals reported total patient amounts that did not equal the total number of patients reported in the various health insurance coverage categories.

<sup>49</sup> According to the U.S. Census Bureau, the percentage of individuals without health insurance in 2005 was 15.3%. U.S. Census Bureau, Current Population Survey, 2006 Annual Social and Economic Supplement (as revised March 2007).

**Figure 51. Percentage of Patients with Insurance Coverage by Total Revenue Category, by Type of Coverage (n=479)**



**Figure 52. Percentage of Patients by Type of Insurance Coverage, by Total Revenue Size (n=479)**



The distribution of types of coverage across the various revenue categories is similar to the distribution of the entire group. However, the hospitals with total revenues over \$500 million reported a smaller percentage of patients with coverage through Medicare (23% vs. 31%) and a larger percentage of patients with coverage through Medicaid (21% vs. 15%) compared with the total group. Hospitals with total revenue under \$25 million reported a smaller percentage of patients with private insurance (35% vs. 43%) and a larger percentage of patients with coverage through Medicare (37% vs. 31%) compared with the total group. Each revenue size category reported 7% to 9% of patients with no insurance coverage.

### **3. Number and Percentage of Hospitals Reporting Community Benefit Expenditures, by Expenditure Type within Revenue Size**

The table below shows the percentages of hospitals that reported the various types of community benefit expenditures.



**Figure 53. Number and Percentage of Hospitals Reporting Community Benefit Expenditures by Expenditure Category and Revenue Size**

Category of Community Benefit Expenditure	Revenue Size										Aggregate (N = 485)	
	Under \$25 M		\$25M to Under \$100M		\$100M to Under 250M		\$250M to Under \$500M		\$500M and Over			
	N	% of all hospitals in each category	N	% of all hospitals in each category	N	% of all hospitals in each category	N	% of all hospitals in each category	N	% of all hospitals in each category	N	% of all hospitals
▪ Uncompensated Care	80	93%	166	96%	127	95%	*	>95%	*	>90%	466	95%
▪ Medical, Education & Training	41	48%	125	72%	122	92%	57	93%	33	92%	378	77%
▪ Medical Research	*	Less than 10%	*	Less than 10%	37	28%	30	49%	24	67%	104	21%
▪ Lectures, seminars & education	53	62%	143	83%	118	89%	50	82%	23	64%	387	79%
▪ Medical screening	58	67%	132	76%	116	87%	46	75%	25	69%	377	77%
▪ Newsletter/ publications	42	49%	137	79%	116	87%	55	90%	24	67%	374	76%
▪ Improving access to healthcare	30	35%	88	51%	87	65%	49	80%	19	53%	273	56%
▪ Immunization programs	36	42%	70	40%	63	47%	19	31%	14	39%	202	41%
▪ Other healthcare promotion	15	17%	61	35%	49	37%	22	36%	7	19%	154	31%
▪ Studies on community's unmet health-care needs	13	15%	45	26%	44	33%	26	43%	11	31%	139	28%

\*Not shown to prevent potential identification of respondent hospitals.

Each revenue size reported a higher participation rate for providing uncompensated care than for any other type of community benefit. The percentage of hospitals in the under \$25 million revenue category that reported expenditures for medical education and training and for medical research is significantly less than the percentages reported for the other revenue groups. The same is true for several of the community program expenditures (e.g., newsletter and publications, improving access to healthcare care, and studies on unmet health needs). The percentage of hospitals reporting medical research

and medical education and training expenditures generally increased with revenue size.

#### 4. Aggregate Uncompensated Care by Revenue Size

The aggregate uncompensated care expenditures reported by 466 hospitals as a percentage of total revenues was 6.41%.<sup>50</sup> Uncompensated care expenditures were not evenly distributed by the hospitals in the study, but were concentrated in a relatively small number of hospitals. 14% of the hospitals reported 63% of the aggregate uncompensated care expenditures; 26% of the hospitals reported 82% of the aggregate uncompensated care expenditures.

Percentage of patients. Figure 54 shows the reported average and median percentages of patients receiving uncompensated care, by revenue size groups.

**Figure 54. Percentage of Patients Receiving Uncompensated Care by Revenue Size**

Revenue Size	Number of hospitals	Average (%)	Median (%)
Under \$25M	73	9.2	2.7
\$25M - under \$100M	159	8.1	2.5
\$100M - under \$250M	123	9.1	4.0
\$250M - under \$500M	58	12.9	9.8
\$500M and over	30	16.6	5.3
Total	443	9.8	3.4

Note: Table only includes those hospitals that reported the number of patients receiving uncompensated care.

Figure 54 shows that the average percentage of patients receiving uncompensated care was 9.8 percent, with a median of 3.4 percent. With the exception of the under \$25 million group, the average percentage of patients receiving uncompensated care increased as hospital revenue size increased. The medians did not correlate with revenue size.

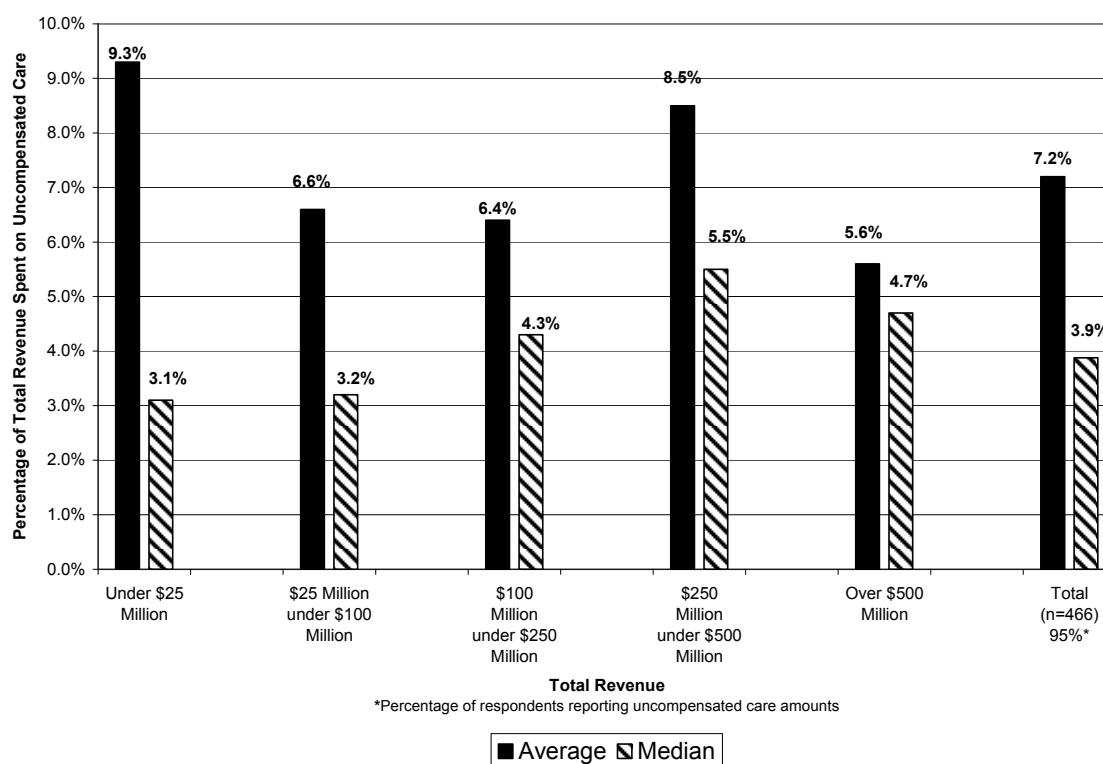
Percentage of revenues. Figure 55 and Figure 56 illustrate the average and median percentages of total revenue reported as spent on uncompensated care for each revenue size group.

<sup>50</sup> This reflects the total reported uncompensated care expenditures divided by total reported revenues for the entire group of 466 hospitals. This differs from the average and median percentages of individual hospitals' percentages reported below (e.g., Figure 55).

**Figure 55. Percentage of Total Revenue Spent on Uncompensated Care by Revenue Size (Average and Median) (n=466)**

Revenue Size	Average	Median
Under \$25 Million	9.3%	3.1%
\$25 Million to under \$100 Million	6.6%	3.2%
\$100 Million to under \$250 Million	6.4%	4.3%
\$250 Million to under \$500 Million	8.5%	5.5%
Over \$500 Million	5.6%	4.7%
Total	7.2%	3.9%

**Figure 56. Percentage of Total Revenue Spent on Uncompensated Care (Average and Median) (n=466)**



As measured by medians, the percentage of revenue spent on uncompensated care increases over the lower four total revenue categories, but declines somewhat in the largest total revenue category. As measured by averages, the percentage of total revenue spent on uncompensated care is highest in hospitals with revenue under \$25 million (9.3%) and hospitals with total revenues between \$250 million and \$500 million (8.5%), and lower in the other three categories. Except for hospitals with total revenues over \$500 million there is a sizeable difference between the average and median percentages of total revenue spent on uncompensated care.

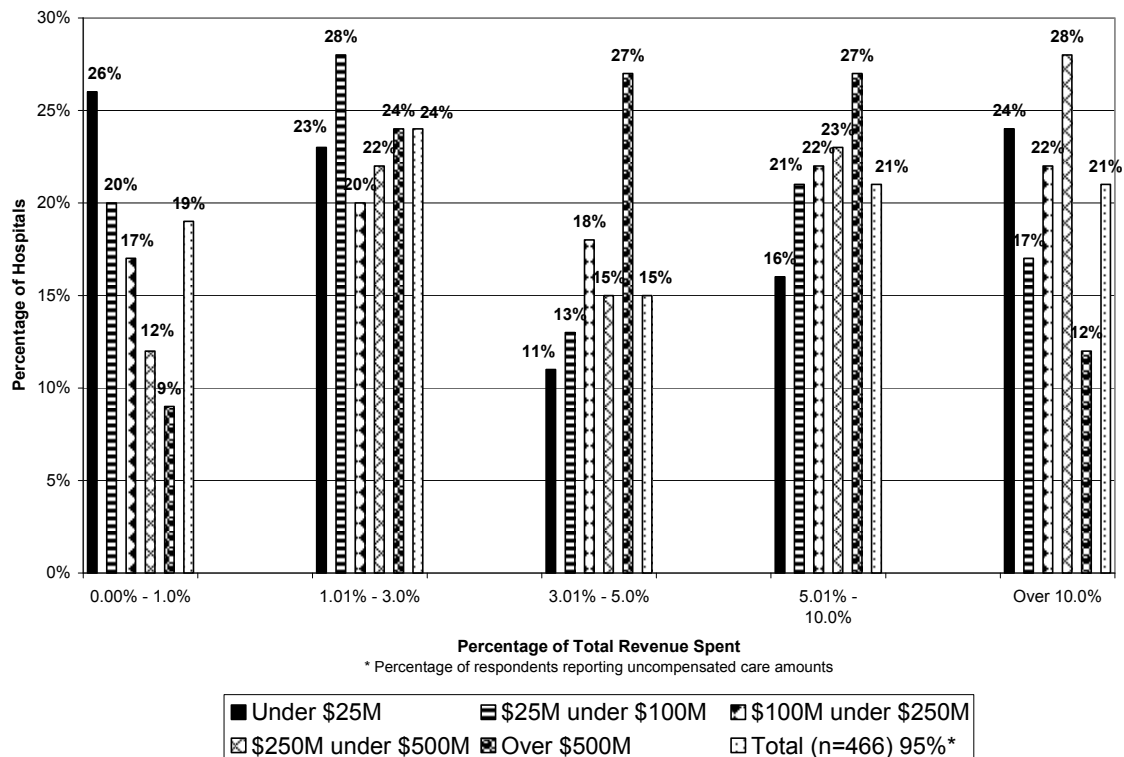
Figure 57, below, shows the percentage of hospitals within each revenue size category that reported uncompensated care as a percentage of total revenues within certain ranges.

**Figure 57. Number and Percentage of Hospitals with Reported Uncompensated Care as a Percentage of Total Revenue by Revenue Size**

Uncompensated Care Expenditure as Percentage of Total Revenues	Revenue Size					Overall	
	< \$25M	\$25M < \$100M	\$100M < 250M	\$250M < 500M	≥ \$500M		
	%	%	%	%	%	N	%
≤ 1%	26	20	17	12	9	87	19
Over 1% - ≤ 3%	23	28	20	22	24	112	24
Over 3% - ≤ 5%	11	13	18	15	27	71	15
Over 5% - ≤ 10%	16	21	22	23	27	99	21
> 10%	24	17	22	28	12	97	21
Total	100	100	100	100	100	466	100

The number of hospitals is not included in each category to prevent potential identification of respondent hospitals.

**Figure 58. Distribution of Hospitals by Revenue Size Based on Percentage of Total Revenues Spent on Uncompensated Care (Averages) (n=466)**



**Figure 59. Distribution of Hospitals by Revenue Size Based on Percentage of Total Revenue Spent on Uncompensated Care (Averages) (n=466)**

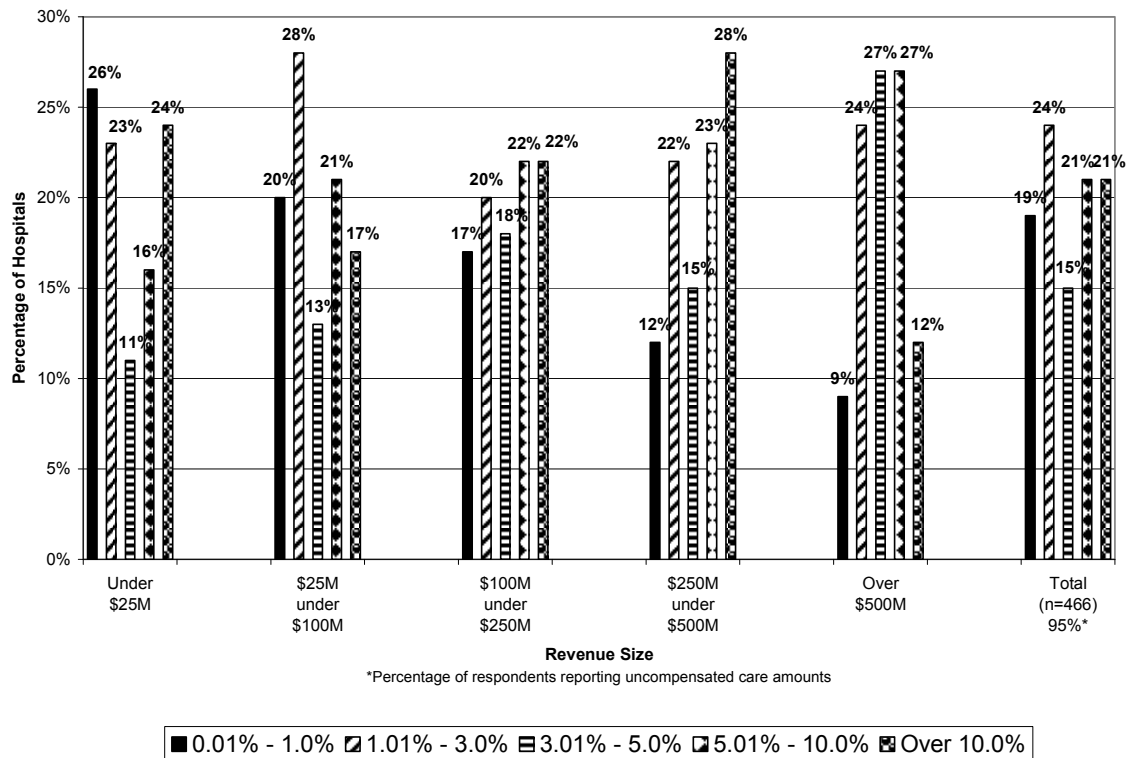


Figure 59, above, shows that almost half (49%) of the hospitals in the under \$25 million revenue category reported expenditures in the two lowest percentage of revenue categories (i.e., less than 3%). More than half (51%) of the hospitals in the \$250 to \$500 million revenue category reported expenditures in the two highest percentages of revenue categories (i.e., more than 5%). 58% of all hospitals reported that uncompensated care expenditures were less than 5% of total revenues. While not included in the chart to prevent potential identification of respondent hospitals, a small percentage of hospitals in four of the revenue sizes reported expenditures greater than 50% of revenues.

**Figure 60. Percentage of Hospitals Reporting Uncompensated Care Expenditures at or Less Than Specified Percentages of Revenue Levels**

Revenue Size	≤1%	≤3%	≤5%	≤10%
Under \$25 million	26%	49%	60%	76%
\$25 million to under \$100 million	20%	49%	61%	83%
\$100 million to under \$250 million	17%	37%	55%	77%
\$250 million to under \$500 million	12%	34%	49%	72%
Over \$500 million	9%	33%	60%	87%
Total	19%	43%	58%	79%

As Figure 60 shows, between one third and one half of the hospitals in each revenue size category reported 3% or less of total revenues as spent on

uncompensated care. Approximately half (49%) or more of each category reported 5% or less of total revenues as spent on uncompensated care.

See Section VI.C.2, below, for an analysis of the reporting of various shortfalls and bad debt as uncompensated care by revenue size.

## **5. Aggregate Medical Research Expenditures by Revenue Size**

117 of the hospitals reported conducting medical research, although only 104 hospitals actually reported an amount of medical research expenditures. The aggregate medical research expenditures reported by the 104 hospitals that reported such amounts was 3.48% of total revenues.<sup>51</sup> The average and median percentages of medical research expenditures as a percentage of total revenues were 1.6% and 0.2%, respectively.

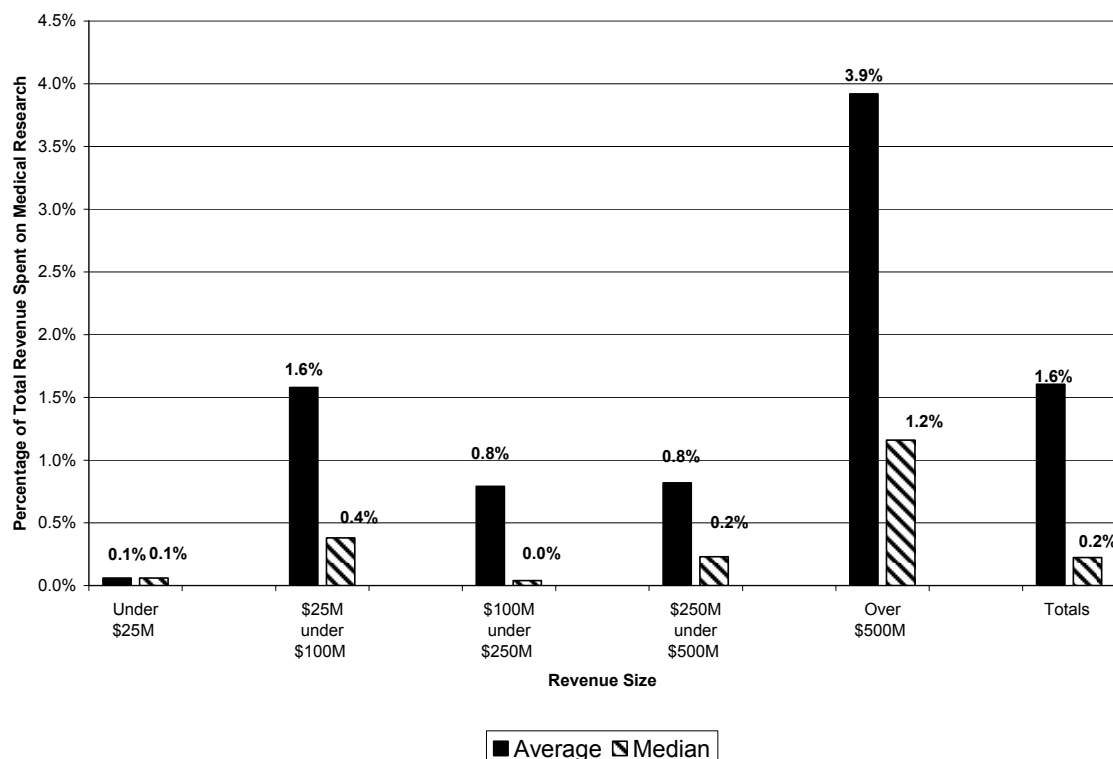
A group of 15 hospitals reported 93% of the overall reported medical research expenditures. See Section VI.B, below, for an analysis of community benefit expenditures of this group.

Figure 61, below, shows the average and median percentage of total revenue reported as spent by hospitals on medical research expenditures broken out by revenue size.

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<sup>51</sup> This represents the total medical research expenditures divided by the total revenues for the entire group of 104 hospitals. This differs from the median and average percentages of the individual hospitals' percentages.

**Figure 61. Percentage of Total Revenue Spent on Medical Research by Revenue Size (Averages and Medians) (n=104)**



In general, there is a significant difference between the average and the median percentages reported as spent by revenue size categories on medical research. The largest hospitals, those with total revenue in excess of \$500 million, reported spending the largest percentage of total revenue measured by average (3.9%) and median (1.2%). The next highest percentage was the second smallest revenue category of hospitals, those with total revenues between \$25 million and \$100 million, which was comparable to the overall group. All other categories reported spending smaller percentages of their total revenue on medical research.

Figure 62 illustrates the percentage of total revenue reported as spent on medical research by those hospitals reporting such expenditures.

**Figure 62. Distribution of Hospitals by Revenue Size Based on Percentage of Total Revenue Spent on Medical Research (n=104)**

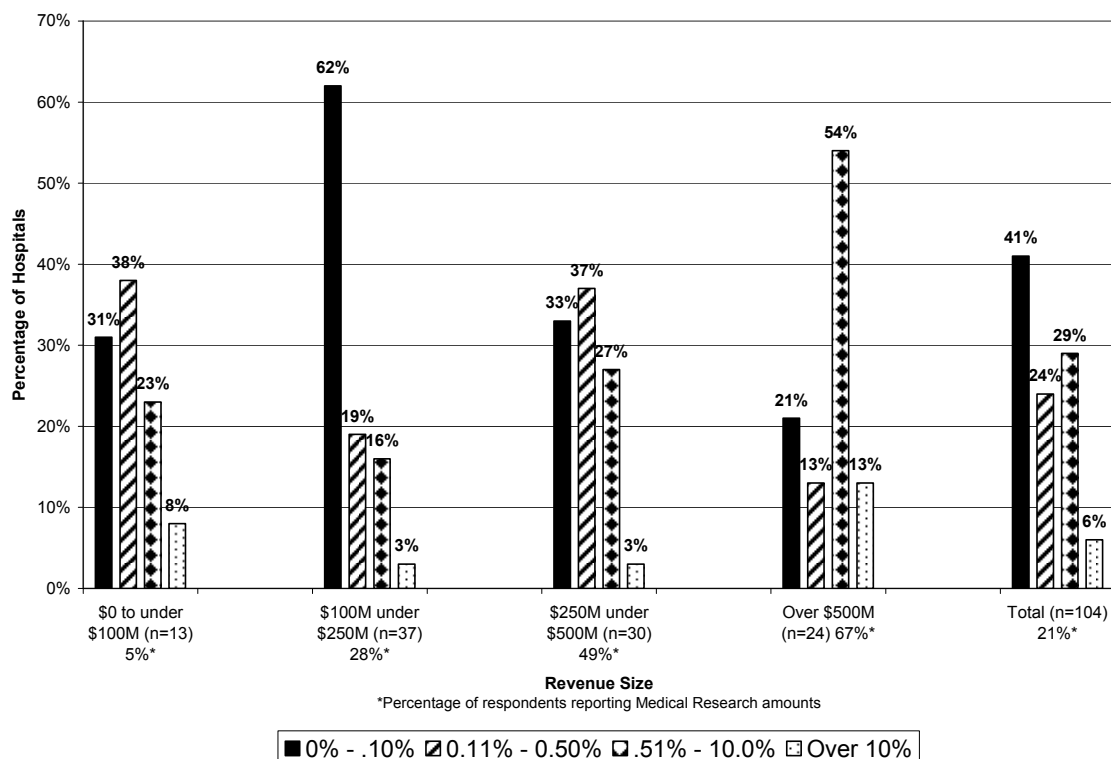


Figure 62 shows that 67% of the hospitals in the largest revenue category (over \$500 million) reported spending more than 0.5% of revenues on medical research.<sup>52</sup>

## 6. Aggregate Medical Education and Training Expenditures by Revenue Size

77% of hospitals reported medical education and training expenditures. The aggregate medical education and training expenditures reported as spent by these hospitals was 3.37% of total revenues.<sup>53</sup>

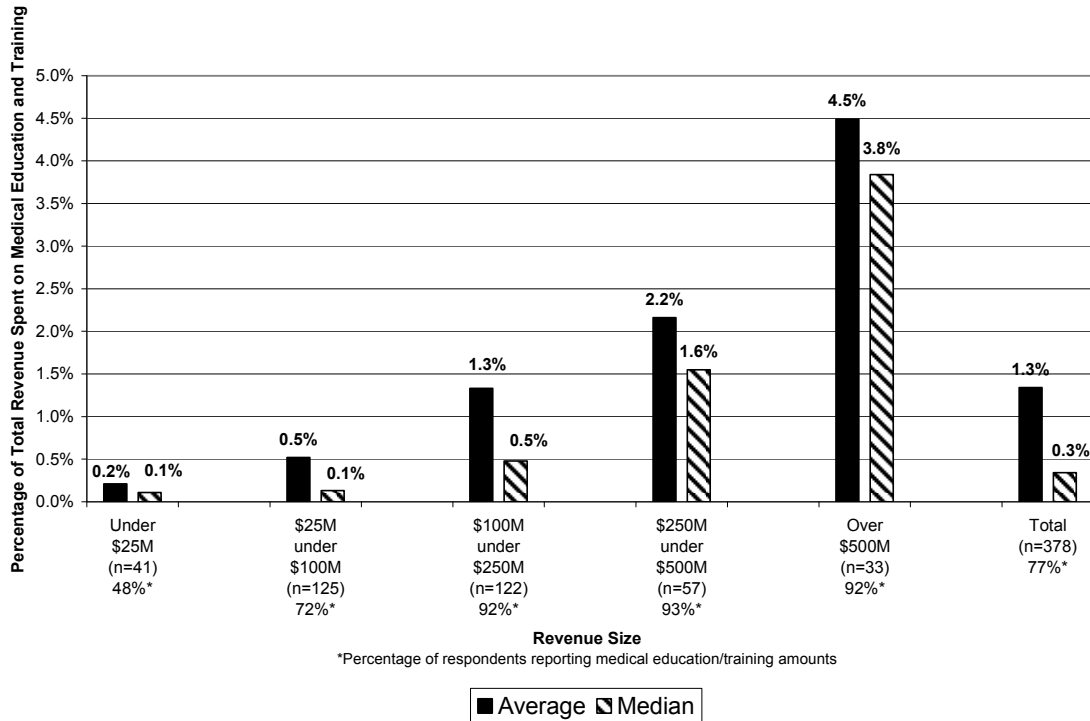
Figure 63 shows the average and median percentage of total revenues reported as spent by hospitals on medical education and training broken out by total revenue categories.

<sup>52</sup> The two smallest revenue sizes were combined to prevent potential identification of respondent hospitals.

<sup>53</sup> This represents the total medical education and training expenditures divided by the total revenues for the entire group of 378 hospitals. The group of 15 hospitals that reported 93% of the aggregate reported medical research expenditures also reported 58% of the aggregate reported medical education and training expenditures. See section VI.B, below.



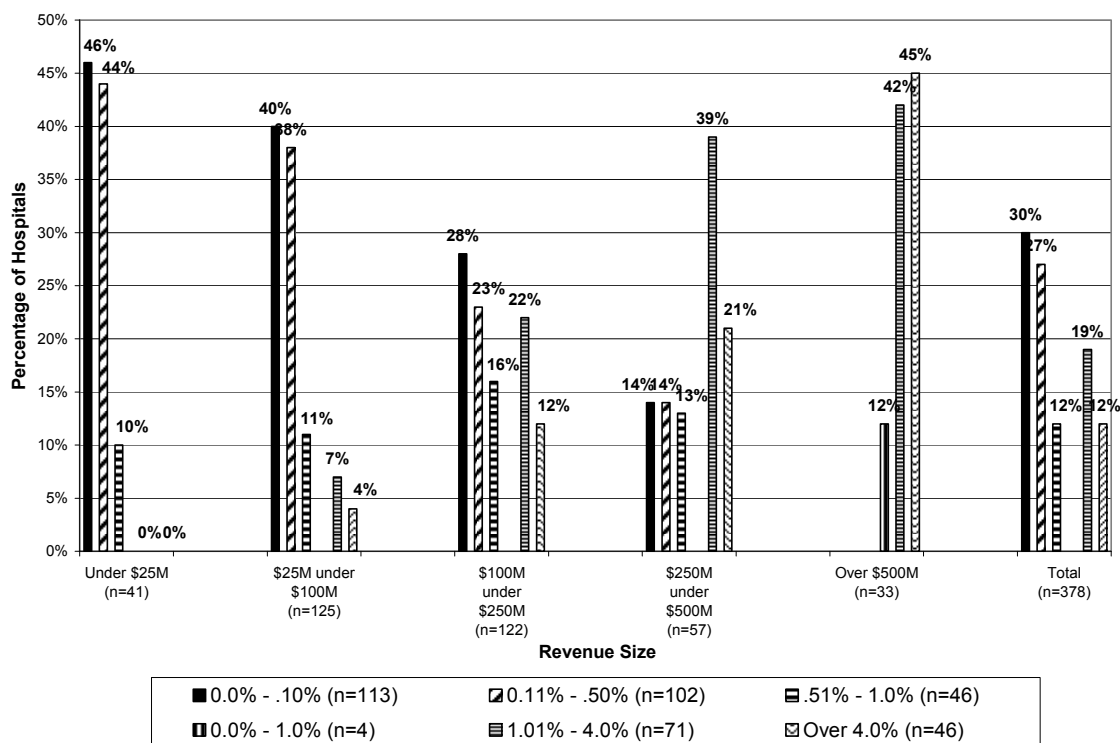
**Figure 63. Percentage of Total Revenue Spent on Medical Education and Training by Revenue Size (Averages and Medians) (n=378)**



The average and median percentages of medical education and training expenditures reported by 378 hospitals as a percentage of total revenues were 1.3% and 0.3%, respectively. Figure 63 above shows that larger hospitals as measured by total revenue reported spending a greater percentage of their total revenue on medical education and training than smaller ones.

Figure 64 shows the percentage of total revenue spent on medical education and training within revenue size groups.

**Figure 64. Distribution of Hospitals by Revenue Size Based on Percentage of Total Revenue Spent on Medical Education and Training (Averages) (n=378)**



The two smallest revenue size groups (under \$25 million and \$25 million to \$100 million) reported significantly larger percentages (90% and 78%, respectively) of hospitals with medical education and training expenditures under 0.50% of total revenues. On the other hand, the two largest revenue size groups (\$250 million to \$500 million and over \$500 million) reported significantly larger percentages of hospitals with such expenditures over 1% of their total revenues (60% and 87%, respectively). The three smallest percentage of revenue categories were combined into a single category (0% - 1%) for the over \$500 million revenue size to prevent potential identification of respondent hospitals.

## 7. Aggregate Community Program Expenditures by Revenue Size

The following table summarizes community program expenditures by revenue size.

**Figure 65. Amount and Percentage of Community Program Expenditures by Expenditure Category and Revenue Size**

Community Program Expenditure	Revenue Size										Aggregate	
	Under \$25 M		\$25M to Under \$100M		\$100M to Under 250M		\$250M to Under \$500M		\$500M and Over			
	(N = 70)		(N = 161)		(N = 127)		(N = 61)		(N = 29)		(N = 448)	
	Amount (in \$ million)	% of total CPE	Amount (in \$ million)	% of total CPE	Amount (in \$ million)	% of total CPE	Amount (in \$ million)	% of total CPE	Amount (in \$ million)	% of total CPE	Amount (in \$ million)	% of total CBE
▪ Other healthcare promotion	1.2	18%	37.9	32%	74.2	48%	14.1	12%	118.1	61%	245.5	3%
▪ Improving access to healthcare	2.6	40%	44.0	37%	43.8	28%	63.8	56%	53.3	27%	207.5	2%
▪ Lectures, seminars, and education	0.8	12%	7.8	7%	15.0	10%	18.2	16%	12.4	6%	54.2	1%
▪ Medical screening	1.2	18%	14.8	12%	6.1	4%	6.2	5%	4.1	2%	32.4	0.3%
▪ Newsletter/ publications	0.5	8%	5.2	4%	12.2	8%	9.5	8%	4.5	2%	31.9	0.3%
▪ Immunization Programs	0.2	3%	8.1	7%	1.6	1%	0.9	1%	1.3	1%	12.1	0.13%
▪ Studies on community's unmet healthcare needs	0.01	0.2%	2.2	2%	2.2	1%	1.3	1%	0.7	0%	6.4	0.07%
Total Community Program Expenditures	6.5	100%	120.0	100%	155.1	100%	114.0	100%	194.4	100%	590.0	6%

Figure 66, below, shows the distribution of community program expenditures broken out by expenditure category and revenue size.

**Figure 66. Percentage of Community Program Expenditures  
by Expenditure Category and Revenue Size  
(n=448)**

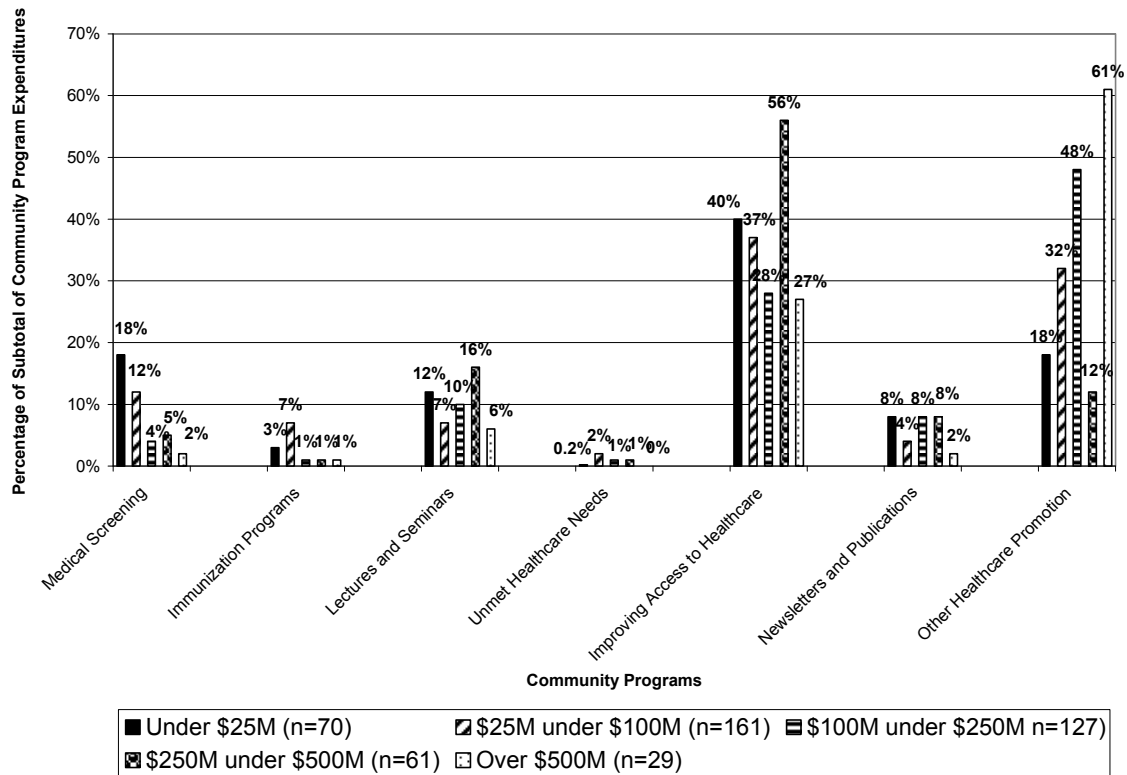
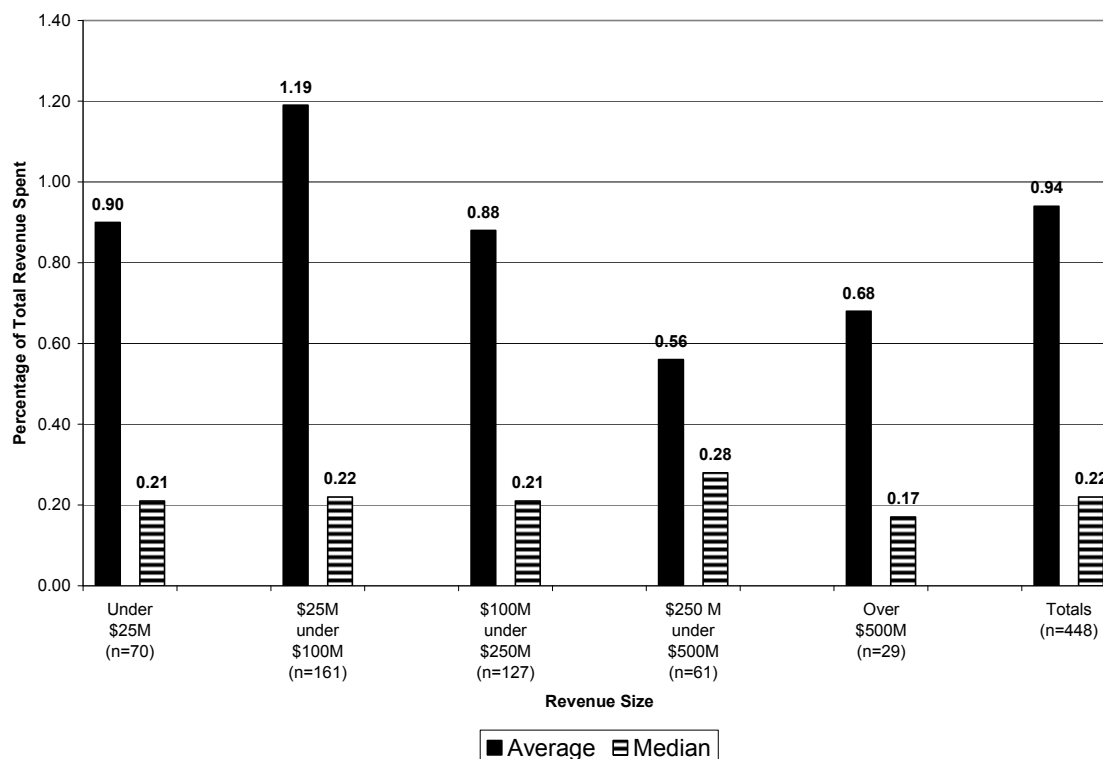


Figure 65 and Figure 66 illustrate there is considerable variation across the revenue size categories regarding expenditures for the various components of community programs.

Figure 67, below, shows the average and median percentages of total revenues spent on community programs by revenue size.

**Figure 67. Percentage of Total Revenue Spent on Community Programs by Revenue Size (n=448)**



## 8. Aggregate Community Benefit Expenditures by Revenue Size

As previously discussed, the entire respondent group reported aggregate community benefit expenditures of \$9.4 billion. These expenditures were not evenly distributed by the hospitals in the study, but were concentrated in a relatively small number of hospitals. 9% of the hospitals reported 60% of the aggregate community benefit expenditures; 19% of the hospitals reported 78% of the aggregate community benefit expenditures.

Figure 68 and Figure 69 show a breakout of the categories of community benefit expenditures for five revenue categories of hospitals, and shows the differences in community benefit expenditure profiles across the revenue size groups.

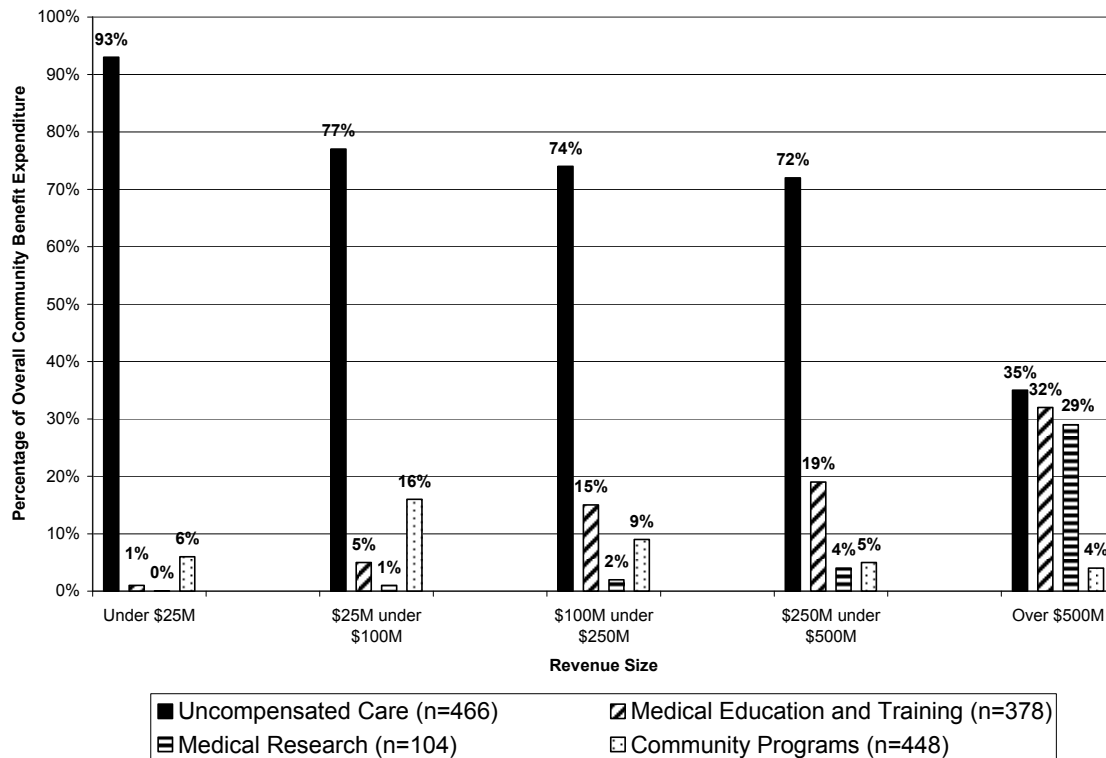
**Figure 68. Amount and Percentage of Total Community Benefit Expenditures by Expenditure Category and Revenue Size**

Community Benefit Expenditure	Revenue Size										Aggregate (N = 485)	
	Under \$25 M		\$25M to Under \$100M		\$100M to Under 250M		\$250M to Under \$500M		\$500M and Over			
	Amount (in \$ million)	% of total CBE	Amount (in \$ million)	% of total CBE	Amount (in \$ million)	% of total CBE	Amount (in \$ million)	% of total CBE	Amount (in \$ million)	% of total CBE	Amount (in \$ million)	% of total CBE
▪ Uncompensated Care	104.2	93%	591.1	77%	1,316.9	74%	1,638.7	72%	1,576.5	35%	5,227.4	56%
▪ Medical, Education & Training	1.4	1%	41.8	5%	275.7	15%	445.3	19%	1,400.4	32%	2,164.6	23%
▪ Medical Research	0.0	0.0%	11.0	1%	38.6	2%	90.0	4%	1,272.6	29%	1,412.2	15%
▪ Community Programs	6.5	6%	120.0	16%	155.1	9%	114.0	5%	194.4	4%	590.0	6%
Total Community Benefit Expenditures	112.1	100%	763.9	100%	1,786.3	100%	2,288.0	100%	4,443.9	100%	9,394.2	100%

Figure 68 shows the distribution of reported community benefit expenditures across the revenue size categories.<sup>54</sup> For example, hospitals with revenues under \$25 million comprised 17% of the hospitals, but reported 1% of aggregate community benefit expenditures. Hospitals with revenues over \$500 million comprised 7% of the hospitals, but reported 47% of aggregate community benefit expenditures.

<sup>54</sup> The mix of community benefit expenditures changes when the group of 15 hospitals reporting 93% of aggregate reported medical research expenditures is isolated. See Section VI.B, below.

**Figure 69. Percentage of Community Benefit Expenditures by Expenditure Category and Revenue Size (n=485)**



Uncompensated care as a percentage of aggregate community benefit expenditures decreased as revenues increased. The smallest hospitals by total annual revenue reported spending the largest percentage of their community benefit expenditure dollars (93%) on uncompensated care. The largest hospitals by total annual revenue reported spending the smallest percentage of their community benefit expenditure dollars (35%) on uncompensated care. The three middle categories are between these two percentages, ranging from 72% of community benefit expenditure dollars reported as spent on uncompensated care to 77% of community benefit expenditure dollars spent on uncompensated care.

Conversely, the largest hospitals by total annual revenue reported spending a larger percentage of their community benefit expenditures on medical education and training (32%) and on medical research (29%). The percentage of total community benefit expenditure dollars reported as spent on medical education and training increased (from 1% to 32%) as revenue size increased. The percentage of total community benefit expenditure dollars reported as spent on medical research also increased as revenue size increased.

Figure 70 and Figure 71, below, show the average and median percentage of total revenue spent on community benefit expenditures by expenditure category and revenue size.<sup>55</sup>

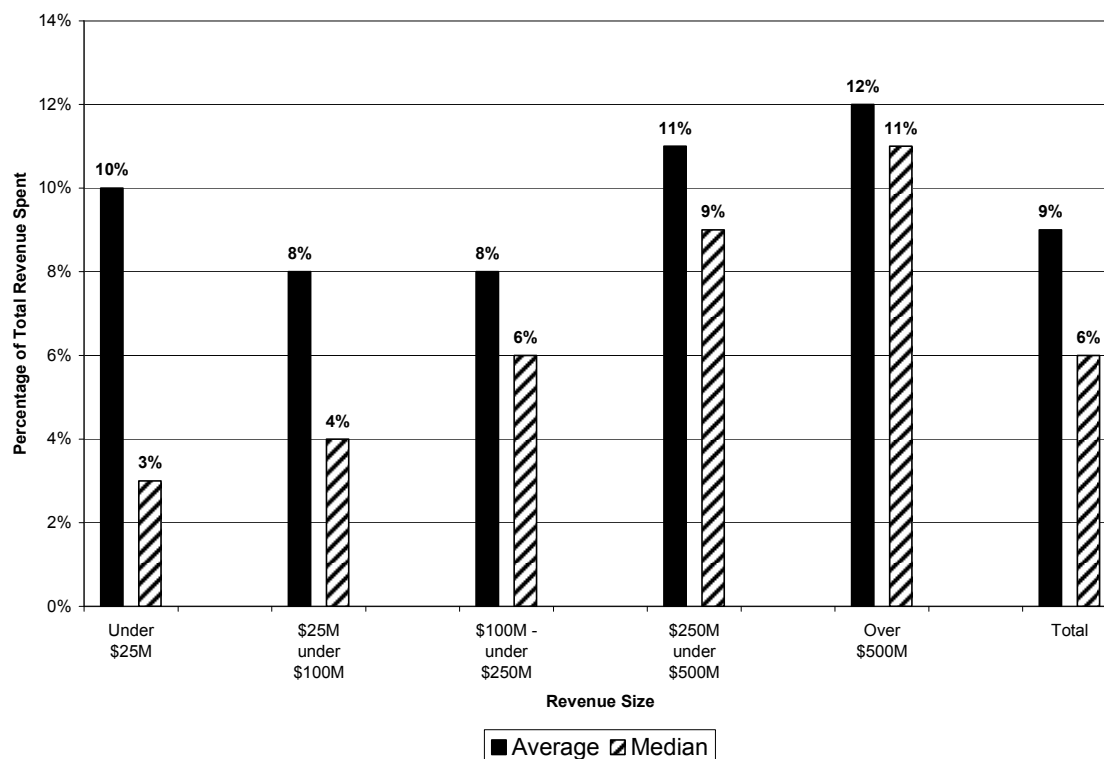
**Figure 70. Average and Median Percentage of Total Revenue Spent on Community Benefit Expenditures by Expenditure Category and Revenue Size**

Category of Community Benefit Expenditure	Revenue Size										Aggregate  (N = 485)	
	Under \$25 M		\$25M to Under \$100M		\$100M to Under 250M		\$250M to Under \$500M		\$500M and Over			
	Average  (%)	Median  (%)	Average  (%)	Median  (%)	Average  (%)	Median  (%)	Average  (%)	Median  (%)	Average  (%)	Median  (%)	Average  (%)	Median  (%)
·Uncompensated Care (N=466)	9.33	3.12	6.63	3.18	6.44	4.33	8.47	5.53	5.62	4.68	7.21	3.88
·Medical Education & Training (N=378)	0.21	0.11	0.52	0.13	1.33	0.48	2.16	1.55	4.49	3.84	1.34	0.34
·Medical Research (N=104)	0.06	0.06	1.58	0.38	0.79	0.04	0.82	0.23	3.92	1.16	1.61	0.22
·Total Community Program Expenditures (N=448)	0.90	0.21	1.19	0.22	0.88	0.21	0.56	0.28	0.68	0.17	0.94	0.22
Total Community Benefit Expenditures	9.86	3.36	8.00	3.98	8.43	6.04	11.31	8.92	12.42	10.54	9.18	5.50

<sup>55</sup> The results change when the group of 15 hospitals that reported 93% of aggregate reported medical research expenditures is isolated. See Section VI.B, below.



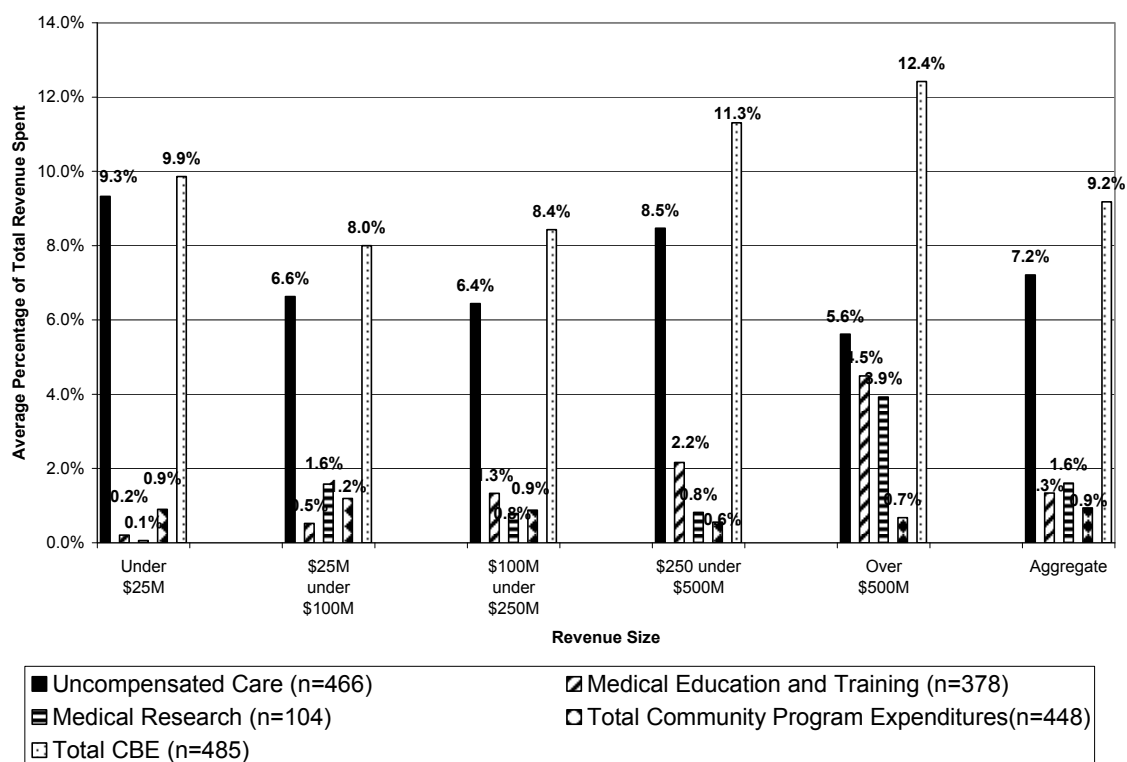
**Figure 71. Average and Median Total Revenue Spent on Community Benefit Expenditures by Expenditure and Revenue Size (n=485)**



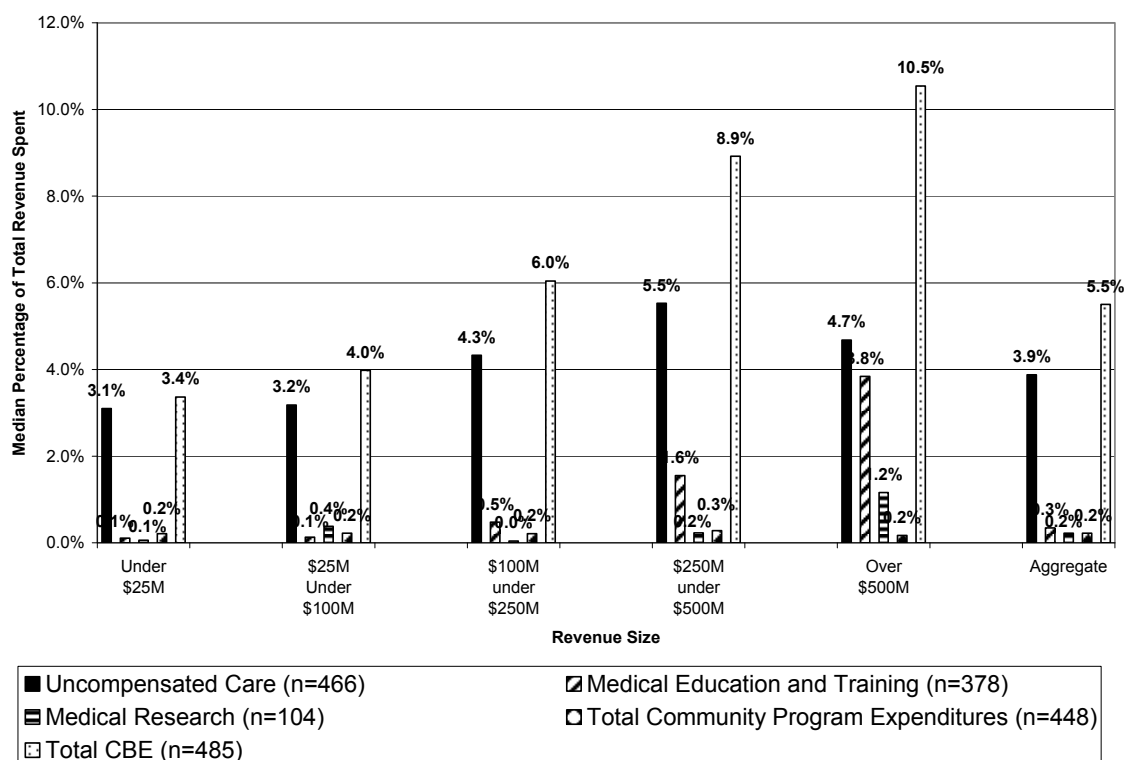
The average and median reported aggregate community benefit expenditures as a percentage of total revenues were 9% and 6%, respectively, for the entire group. The highest reported average and median amounts were for hospitals with revenues over \$500 million (12% and 11%, respectively). The median percentages increased with revenue size, ranging from 3% for hospitals with revenues under \$25 million to 11% for hospitals with revenues over \$500 million.

Figure 72 and Figure 73, below, show the average and median percentages of total revenues spent on various community benefit expenditures by expenditure and revenue size.

**Figure 72. Percentage of Total Revenue Spent on Various Community Benefit Expenditures by Expenditure and Revenue Size Categories (Averages) (n=485)**



**Figure 73. Percentage of Total Revenue Spent on Various Community Benefit Expenditures by Expenditure and Revenue Size Categories (Medians) (n=485)**



The figures above show that hospitals in the smallest revenue size category (under \$25 million) reported spending the largest average percentage of revenues on uncompensated care and the smallest average percentage of revenues for medical research. Hospitals in the largest revenue category reported spending the smallest average percentage of revenues on uncompensated care and the largest percentages on medical, education and training and medical research compared with the other revenue categories.

## 9. Aggregate Community Benefit Expenditures as Percentage of Revenues

This section summarizes the distribution of aggregate community benefit reporting across revenue sizes. Figure 74, Figure 75, and Figure 76 show the distribution of hospitals by revenue size, with reported community benefit expenditures within specified percentages of total revenue ranges. Figure 77 displays the cumulative percentage of hospitals within each revenue size that reported aggregate community benefit expenditures as a percentage of total revenues, at or less than specified levels (e.g., less than 5% of total revenues). The \$250 million to under \$500 million and \$500 million and over categories were combined in these figures to prevent potential identification of respondent hospitals.

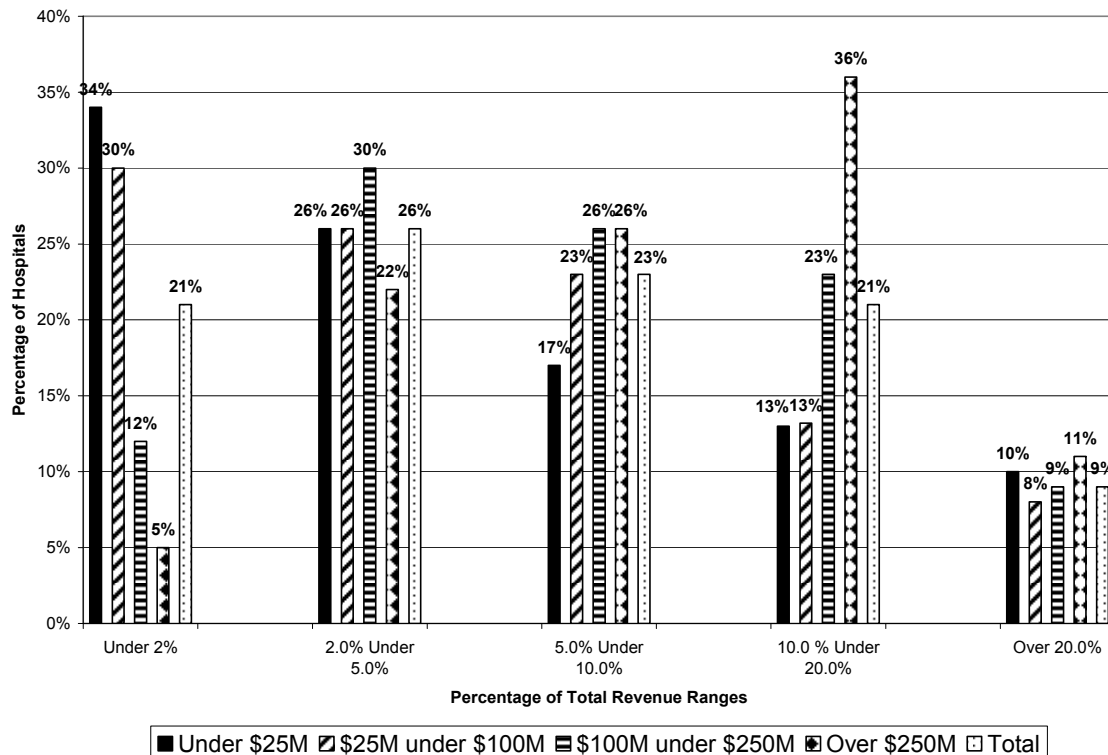
**Figure 74. Number and Percentage of Hospitals with Reported Community Benefit Expenditures as a Percentage of Total Revenue by Revenue Size**

Total Community Benefit Expenditure as Percentage of Total Revenues	Revenue Size								Overall	
	< \$25M		\$25M - < \$100M		\$100M - < \$250M		≥ \$250M			
	N	%	N	%	N	%	N	%	N	%
< 2%	*	34	*	30	16	12	5	5	101	21
2% - < 5%	*	26	*	26	40	30	21	22	128	26
5% - < 10%	*	17	*	23	35	26	25	26	113	23
10% - < 20%	*	13	*	13	30	23	35	36	99	21
≥ 20%	*	10	*	8	12	9	11	11	44	9
Total	*	100	*	100	133	100	97	100	485	100

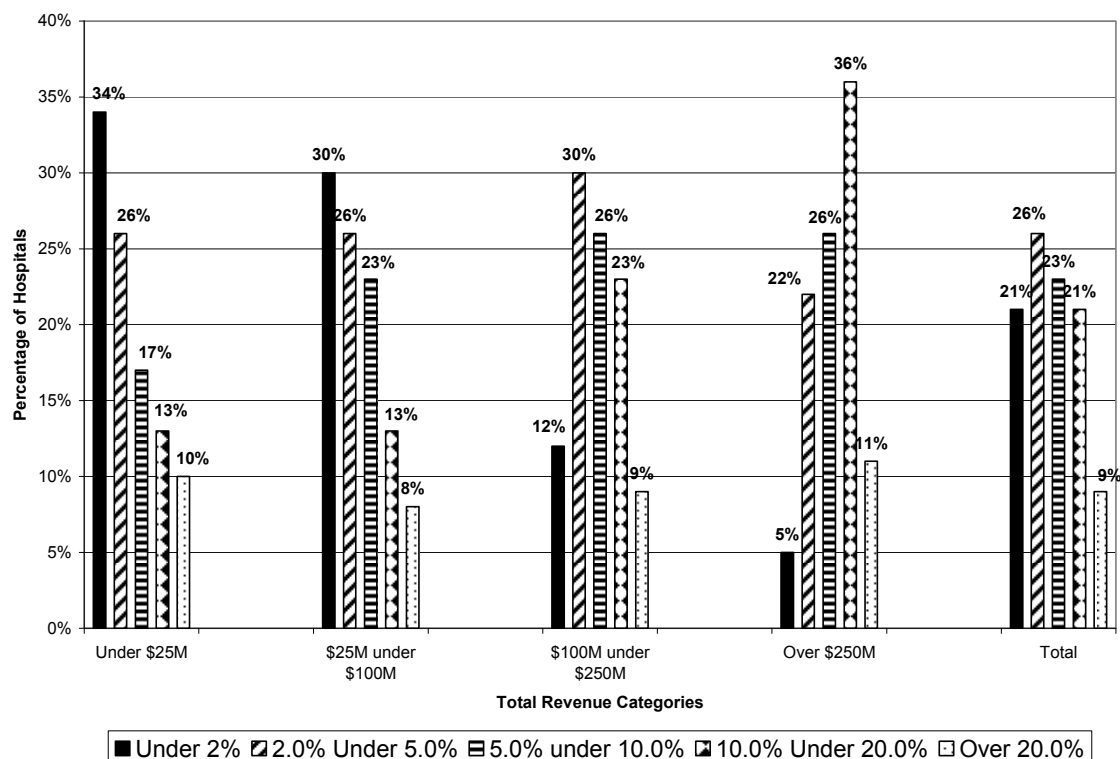
\* Not shown to prevent potential identification of respondent hospitals.

Figure 74, above, shows that in the two smallest revenue categories (under \$100 million), 60% and 56% of the hospitals, respectively, reported spending less than 5% of total revenues on community benefit expenditures. Overall, 47% of all hospitals reported spending less than 5% of total revenues on community benefit expenditures.

**Figure 75. Percentage of Hospitals with Reported Community Benefit Expenditures as a Percentage of Total Revenue by Revenue Size (n=485)**



**Figure 76. Percentage of Hospitals with Reported Community Benefit Expenditures as a Percentage of Total Revenue by Revenue Size (n=485)**



A relatively large percentage of hospitals in the over \$250 million revenue size category reported total community benefit expenditures of more than 10% of total revenues (47% compared with 30% for all hospitals).

Figure 77, below, shows, on a cumulative basis, the percentage of hospitals reporting community benefit expenditures at or less than specified percentages of revenue levels.

**Figure 77. Percentage of Hospitals Reporting Community Benefit Expenditures at or Less Than Specified Percentages of Revenue Levels**

Revenue Size	<2%	<5%	<10%
Under \$25 million	34%	60%	77%
\$25 million to under \$100 million	30%	56%	79%
\$100 million to under \$250 million	12%	42%	68%
\$250 million and over	5%	27%	53%
Total	21%	47%	70%

Figure 77 shows that 21% of all hospitals reported spending less than 2% of total revenues on aggregate community benefit expenditures; 47% reported spending less than 5% of total revenues on community benefit expenditures. The larger hospital categories included lower percentages of hospitals that reported community benefit expenditures at the under 2% and under 5% of revenue levels. The smallest hospital groups included the highest percentages of

hospitals that reported community benefit expenditures below the 2% and 5% of revenue levels.